

July 14, 2003

The Honorable James Walsh  
Chairman  
Subcommittee on VA, HUD and Independent Agencies  
Committee on Appropriations  
U. S. House of Representatives  
H-218 Capitol  
Washington, D. C. 20510

Dear Chairman Walsh:

As the House Appropriations Subcommittee on VA, HUD and Independent Agencies prepares to consider the fiscal 2004 VA/HUD/Independent Agencies Appropriations bill, on behalf of the more than 900,000 members of the NATIONAL ASSOCIATION OF REALTORS<sup>®</sup> I welcome this opportunity to share our observations regarding the following important housing provisions:

**Homeownership Counseling**

The NATIONAL ASSOCIATION OF REALTORS<sup>®</sup> supports the Administration's request to fund HUD's Homeownership Counseling program at \$45 million for FY2004. NAR has long maintained that homebuyer education and counseling are essential ingredients in expanding homeownership opportunities, particularly for lower income families and other underserved households. Counseling provides a critical and important link between first-time homeowners and the complexity of the mortgage transaction. Counseling also contributes to the prevention of mortgage loan delinquency and default by educating households about the ongoing responsibilities associated with homeownership.

**American Dream Downpayment Initiative**

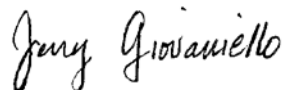
The NATIONAL ASSOCIATION OF REALTORS<sup>®</sup> supports the authorization and necessary funding appropriations associated with the American Dream Downpayment Initiative. H.R.1276, authorizing legislation establishing the American Dream Downpayment Initiative, has been approved by the House Financial Services Committee and is backed strongly by NAR. We are also supportive of the Administration's request for \$200 million of new monies, above and beyond HOME program appropriations, to fund the initiative. The American Dream Downpayment Initiative will help 40,000 families annually achieve the American dream of homeownership. The initiative offers an effective remedy to the obstacle of accumulating sufficient downpayment assistance providing a very tangible benefit for first-time, lower income borrowers.

### **FHA Single-Family Loan Limits for High Cost Areas**

While not a provision of the Administration's FY2004 HUD budget request, the NATIONAL ASSOCIATION OF REALTORS® urges the Subcommittee to consider amending statutory language under the National Housing Act to permit high cost states such as California, New York and Massachusetts to insure single-family mortgages beyond current statutorily prescribed limits under the FHA single-family mortgage insurance program. We believe the timing is appropriate to consider FHA loan limit adjustments benefiting high-cost states in recognition of exorbitant price increases that have occurred in several housing markets in these areas. While the current FHA maximum high-cost mortgage insurance limit is \$280,749, in several communities in the States of New York, California and Massachusetts the median price of single-family housing renders FHA homeownership a useless product for working families. We respectfully ask the Subcommittee to consider loan limit adjustments benefiting these high cost states and the homeownership aspirations of their residents.

The NATIONAL ASSOCIATION OF REALTORS® appreciates the opportunity to share its views on these important provisions for consideration during mark up of HUD's fiscal 2004 budget. Your support of these provisions is most appreciated.

Sincerely,

A handwritten signature in black ink that reads "Jerry Giovaniello". The signature is written in a cursive, flowing style.

Jerry Giovaniello  
Senior Vice President, Government Affairs