



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

430 North Michigan Avenue
Chicago, Illinois 60611-4087
312.329.8540 Fax 312.329.5962
Visit us at www.REALTOR.org.

Coldwell Banker Residential Brokerage
2801 Gateway Drive, Suite 180
Irving, TX 75063
972.582.9100 Fax 972.582.9157
Email: charlesmcmillan@prodigy.net

Charles McMillan, CIPS, GRI
President

March 20, 2009

The Honorable Shaun Donovan
Secretary of Housing and Urban Development
U. S. Department of Housing and Urban Development
451 Seventh Street SW, Room 10000
Washington, DC 20410

Dear Mr. Secretary:

On behalf of the 1.2 million members of the National Association of REALTORS®, I request that the US Department of Housing and Urban Development (HUD) utilize its authority and permit FHA financing that would effectively result in monetizing the federal tax credit currently available to first-time homebuyers. The National Association of REALTORS® (NAR) is America's largest trade association, including NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,400 local associations or boards, and 54 state and territory associations of REALTORS®.

Last year, Congress passed the Housing and Economic Recovery Act of 2008, which includes a first-time homebuyer refundable tax credit up to \$7,500 to first-time home buyers for the purchase of a principal residence on or after April 9, 2008 and before July 1, 2009. This was followed by the American Recovery and Reinvestment Act signed into law earlier this year, which offers a tax credit of up to \$8,000 for first-time homebuyers who purchase on or after January 1, 2009 and before December 1, 2009. Enabling homebuyers to have access to their tax credit funds at the time of closing, through a collateralized loan against the tax credit, would allow the home buyer to use the credit toward a down payment. The repayment of the funds borrowed against the credit would be obtained through use of the tax refund.

During confirmation hearings, you stated that FHA has the discretion to permit this type of financing mechanism. FHA regulations permit a borrower to use loan proceeds for a home purchase as long as the loan is "secured by property or collateral owned by the borrower independently of the mortgaged property." Loans may be used for a down payment, and secured by the mortgaged property, in certain circumstances and assuming the loan is not provided by a party having a direct or indirect interest in the real estate transaction.

This use of the tax credit benefits potential first-time homebuyers with little or no down payment available. Monetizing the tax credit through a loan combined with FHA's low 3.5 percent down payment requirement offers strong incentive to buyers who would otherwise not purchase a home this year. NAR estimates that hundreds of thousands of buyers will take advantage of the tax credit. However, proactive use of the tax credit will release even more pent up demand in real estate markets across the country.

Thank you for the opportunity to present the views of the National Association of REALTORS®. FHA continues to offer safe, affordable, mortgages for homebuyers across the country. Granting borrowers access to their tax credit through collateralized loans will further ensure FHA products are the mortgage products of choice for homebuyers. If you have any questions or comments regarding this letter please contact our Senior Policy Representative, Jerry Nagy, at 202.383.1233 or jnagy@REALTORS.org.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles McMillan".

Charles McMillan, CIPS, GRI
2009 President, National Association of REALTORS®