



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](http://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](mailto:charlesmcmillan@prodigy.net)

**Charles McMillan, CIPS, GRI**  
*President*

November 25, 2008

The Honorable Steven C. Preston  
Secretary of Housing and Urban Development  
Washington, DC 20410

Dear Secretary Preston:

On behalf of the 1.25 million members of the National Association of REALTORS® (NAR), I am writing to request enhancements to the Federal Housing Administration's (FHA) Section 203(k) Rehabilitation Mortgage Insurance Program. The National Association of REALTORS® 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®.

Home buyers interested in purchasing a home in need of significant rehabilitation typically follow a complicated process of obtaining acquisition financing, additional financing for rehabilitation, and a permanent mortgage to pay off these mortgages when the work is completed. The 203(k) Program saves borrowers both time and money by allowing them to obtain one insured mortgage to rehabilitate a property in need of repair.

The number of foreclosures across the country continues to increase. As part of the solution, NAR recommends permitting investors to participate in the program to purchase vacant and foreclosed properties in need of significant rehabilitation. Many foreclosed properties are severely damaged after they are vacated making them difficult to sell. Investors utilizing the 203(k) Program could purchase dilapidated, foreclosed properties for rehabilitation and conversion into rental units. These changes should remain in effect at least until the end of the Hope for Homeowners Program.

In reviewing HUD Inspector General reports from the 1990's, which advocated for termination of the investor program, the principal concerns were concentrated on identity-of-interest (IOI) and non-profit transactions. NAR believes that these higher risk transactions should be excluded from this new initiative for the 203(k) Program.

Amending the 203(k) Program will benefit neighborhoods across the country. Vacant, dilapidated homes will be renewed and provide safe, comfortable homes for families. Investors will be able to access credit that is unavailable because of the current economic crisis. Finally, neighborhoods will be stabilized and previously vacant homes will contribute to the local property tax base.

Thank you for the opportunity to present the views of the National Association of REALTORS®.  
Reforming the 203(k) Rehabilitation Program will stabilize neighborhoods in communities that would

otherwise face a downward spiral of decreasing home prices and disinvestment. If you have any questions or comments regarding this letter please contact our Regulatory Policy Representative, Jerry Nagy, at 202.383.1233 or [jnagy@REALTORS.org](mailto:jnagy@REALTORS.org).

Sincerely

A handwritten signature in black ink, appearing to read "Charles McMillan". The signature is fluid and cursive, with the first name "Charles" being the most prominent.

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