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October 25, 2011

Regulations Division, Office of General Counsel
U.S. Department of Housing and Urban Development
451 7th Street, NW, Room 10276
Washington, DC 20410-0500

Re: Docket No. FR-5416-P-01 Approval of Farm Credit System Lending
Institutions in FHA Mortgage Insurance Programs

Dear Sir or Madam:

I am writing on behalf of the 1.1 million members of the National Association of REALTORS® (NAR) in support of the U.S. Department of Housing and Urban Development's (HUD) proposed rule to allow direct lending institutions of the Farm Credit System to seek approval to participate in the Federal Housing Administration's (FHA) mortgage insurance programs. 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®.

The recent downturn in mortgage lending has resulted in a lack of liquidity in many markets, including rural areas. This proposed rule will positively impact the liquidity and the ability of credit-worthy borrowers to own their part of the American dream in our rural communities. Farm Credit System lenders participating in the FHA mortgage insurance programs will be incentivized to make mortgage credit available because the loans are insured against potential losses in the event of defaults.

NAR strongly supports the proposed rule's language that eligibility for direct lending institutions of the Farm Credit System for participation in FHA mortgage insurance programs would be based on the same eligibility requirements as other participants. Current requirements have ensured the strength and viability of FHA. Due to solid underwriting requirements and responsible lending practices, FHA has avoided the brunt of defaults and foreclosures facing the private mortgage lending industry.

Enhancing the availability of FHA mortgage insurance programs in rural areas may help the recovery of our housing markets, which remains fragile at best. For more than 80 years FHA has played a critical role in providing mortgage liquidity for millions of American families and has continued to do so as private financing has dried up in recent years.

Thank you for your time and consideration of this matter. If you wish to further discuss this please do not hesitate to contact our Senior Regulatory Policy Representative, Jerry Nagy, at 202.383.1233 or jnagy@realtors.org.

Sincerely,

A handwritten signature in black ink that reads 'Ron Phipps'.

Ron Phipps, ABR, CRS, GRI, GREEN, e-PRO, SFR
2011 President, National Association of REALTORS®



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