NATIONAL ASSOCIATION of REALTORS®
REALTOR®

Elizabeth Mendenhall
2018 President

Bob Goldberg
Chief Executive Officer

**ADVOCACY GROUP**
William E. Malkasian
Chief Advocacy Officer/Senior Vice President

Jerry Giovaniello
Chief Lobbyist

500 New Jersey Ave., NW
Washington, DC 20001-2020
Ph. 202-383-1194
WWW.NAR.REALTOR

October 30, 2018

Mr. Joel C. Baxley
Administrator, Rural Housing Service
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

*Submitted via: https://www.federalregister.gov*

RE: Single Family Housing Direct and Guaranteed Loan Programs

Dear Administrator Baxley:

On behalf of the 1.3 million members of the National Association of REALTORS® (NAR), I welcome the opportunity to comment on proposed changes to the U.S. Department of Agriculture (USDA) Rural Housing Program (RHS) Section 502 Direct and Guaranteed Loan Programs. NAR is supportive of the proposed changes to the methodology to determine area loan limits, removal of net family assets from loan repayment calculations, and changes in the definition of very low- and low-income families.

RHS loan programs enable millions of Americans who live in rural areas and small towns to obtain safe, affordable housing. Direct loans can provide very-low and low income families their only opportunity for safe shelter, while the Guaranteed Loan Program is often the only option for purchasing or improving a home in rural communities, where access to mortgage financing can be limited.

NAR supports the proposed changes to how the RHS will determine loan limits in rural areas. The proposal to use a percentage of the applicable local US Department of Housing and Urban Development (HUD) section 203(b) limit is reasonable as it builds on the established method of loan limit determination by HUD. Using this method will help reduce unnecessary burdens on RHS staff including time and costs. The resulting increase in loan limits, as evidenced by the RHS pilot program, will be beneficial to families in many rural areas. An increased loan limit will allow rural homebuyers the chance to purchase a home of a higher quality, limiting future major repair costs and reducing the risk of default due to unanticipated expensive home repair costs. Given that RHS will retain the same restrictions on applicant qualification, there is little concern that the increased loan limits in some areas will undermine the stability of the RHS program.

NAR agrees that removing net family assets, such as retirement accounts, tax advantaged college savings plans, and medical savings accounts, from the repayment income calculations for RHS loans is appropriate. These types of assets are intended to ensure families have the means to take care of their health, education, and retirement needs in the future and are not meant to reflect a family's current financial position. They should not be treated as income for repayment purposes, as saving for future needs should not hinder rural Americans' current access to safe, affordable housing. Rather, RHS programs should aid and support a rural family's desire to secure financial independence by allowing them to take advantage of these savings opportunities.

In addition, NAR supports the proposed two-tier income limit structure for defining very low-,low-, and moderate-income in the RHS Direct Loan Program. Given RHS already makes use of this income-banding method for guaranteed loans, and it is also successfully used by HUD for some of its programs, it is reasonable to align the RHS Direct Loan Program definitions with these other government loan programs.

NAR strongly supports the work of the USDA and RHS to improve America's rural communities and the families that live there. Thank you for the opportunity to comment on these matters.

Sincerely,

Elizabeth J. Mendenhall

Elizabeth Mendenhall
2018 President, National Association of REALTORS®