



NATIONAL
ASSOCIATION of
REALTORS®

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Dear Senator:

The National Association of REALTORS® offers our support for the critical role that the FHA mortgage insurance program plays in the nation's housing finance system. During this period of economic stress, the FHA has prevented the total collapse of our housing finance system by continuing to provide access to safe, affordable mortgage financing for millions of American families.

For the first time in its history, the program does not currently have funds sufficient to pay a full 30 years' worth of expected claim payments. While the results of the recent actuarial report are troubling, it is not altogether surprising. FHA has been stressed by the same factors that the rest of our economy has experienced. The difference for FHA is that while many banks, lending institutions and private mortgage insurers went bankrupt or collapsed, FHA has endured.

In response to the shortfall, FHA has taken a number of steps to shore up its financial standing. Some of the changes, such as April's premium increases, went into effect too recently to be shown in this snapshot report. The independent actuarial report shows FHA will be fully capitalized again by FY2014, and will reach the desired 2% capital reserves ratio by 2017, which is above and beyond the required 30-years' worth of reserves.

We strongly urge Congress to exercise restraint in reacting to the report. As our economy continues to improve, and housing prices continue to rise, so will FHA's financial health. Making changes to the program now, when it remains an integral part of housing markets, will only further stall our economic and housing recovery.

Homeowners rely on FHA to be there in a financial crisis. The program has performed this role just as Congress designed back in 1934. We urge you to monitor FHA closely over the coming months, but not to overreact and prematurely alter a program that is so critical to homeowners and housing markets.

Sincerely,

Gary Thomas
2013 President, National Association of REALTORS®



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