

Tom Salomone
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Chief Executive Officer

GOVERNMENT AFFAIRS DIVISION

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Scott Reiter, Vice President
Jamie Gregory, Deputy Chief Lobbyist

500 New Jersey Ave., NW
Washington, DC 20001-2020
Ph. 202-383-1194; Fax 202-383-7580
www.REALTOR.org

April 5, 2016

The Honorable Joni Ernst
Chairman
Senate Subcommittee on Rural
Development and Energy
111 Russell Senate Office Building
Washington, DC 20510

The Honorable Heidi Heitkamp
Ranking Member
Senate Subcommittee on Rural
Development and Energy
110 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Ernst and Ranking Member Heitkamp:

Thank you for holding this hearing on "USDA Rural Development Programs and their Economic Impact Across America." Nearly 20 percent of the U.S. population lives in rural areas or small towns and nearly all of the counties with the highest poverty rates in America are rural. The National Association of REALTORS® (NAR) recognizes the uniqueness of rural communities and the key role that housing plays in building strong communities. Specialized programs, like those of the Rural Housing Service, are critical to meeting the needs of Americans living in rural areas.

The Rural Housing Service (RHS) provides opportunities for homeownership for thousands of rural families nationwide. In FY 2014, the RHS helped more than 148,300 rural American families become homeowners, nearly 85 percent of who were first-time homebuyers. The 502 program includes guaranteed and direct home mortgage loans. Section 502 loans can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities.

The direct loan program serves low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas. The program provides payment assistance to families who have no other housing or way to get home financing. Direct loans reduce the mortgage payment for a short time, based upon family income, in order to get the family into safe, decent, affordable housing. These subsidies are repaid when the home is sold. This program is expected to utilize all its loan authority this summer. This will leave many deserving families without access to suitable housing until the start of the next Fiscal year.

The guaranteed loans are funded by private lenders and insured by the RHS. NAR strongly supports language included in H.R. 3700, the "Housing Opportunities Through Modernization Act," that provides RHS with the authority to approve direct endorsed lenders. Both FHA and VA already use this method of endorsement. Giving RHS the same authority would create great efficiencies for the Service and for homebuyers. RHS in turn, would have additional staff time to focus on a strengthened lender monitoring process and risk management.

Rural communities deserve special attention. I thank you for holding this hearing, and look forward to working with you to ensure the needs of rural families are met.

Sincerely,



Tom Salomone
2016 President, National Association of REALTORS®

cc: The Honorable Pat Roberts, Chairman
Senate Committee on Agriculture, Nutrition, & Forestry

The Honorable Debbie Stabenow, Ranking Member
Senate Committee on Agriculture, Nutrition, & Forestry

Members of the Senate Subcommittee on Rural Development and Energy

