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

The Honorable Tim Huelskamp
Chairman
House Small Business Committee
Subcommittee on Economic Growth, Tax,
and Capital Access
1110 Longworth House Office Building
Washington, DC 20515

The Honorable Judy Chu
Ranking Member
House Small Business Committee
Subcommittee on Economic Growth, Tax,
and Capital Access
2423 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Huelskamp and Ranking Member Chu:

On behalf of the more than 1.1 million members of the National Association of REALTORS® (NAR) and its affiliates the CCIM Institute, the Institute of Real Estate Management (IREM), and the REALTORS® Land Institute (RLI), thank you for holding today's hearing, "Bearing the Burden: Over-regulation's Impact on Small Banks and Rural Communities." NAR's membership works with customers in every region of the country, including rural communities. Rural areas were hit harder by the recession and have faced greater challenges to recovery. Almost 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. REALTORS® and their rural clients often rely on small lenders.

NAR has always had a close relationship with the small business community. Most REALTORS® are themselves small business owners and small businesses make up a large portion of commercial REALTORS® clientele.¹ Our members clients' top sources of financing are local or community banks (32 percent) and regional banks (26 percent), which are hit hardest by the burden of increased regulations and the compliance costs that come with them². In fact, NAR's commercial practitioners report that securing financing remains difficult for their business clients, and that increased regulations and compliance costs for lenders are often the culprit.

NAR also recognizes the key role that housing plays in building strong communities. Residential REALTORS® are active and important members of rural communities throughout the country. Rural communities are frequently serviced by small mortgage lenders, and when those institutions are struggling under regulatory compliance costs, their ability to provide mortgage credit constricts market activity and economic development. As a result, finding affordable financing for a home purchase can be a challenge. REALTORS® who live in and serve these communities understand the need for specialized programs, like those of the Rural Housing Service, to meet the needs of Americans living in rural areas.

Again, thank you for holding today's hearing. NAR looks forward to continuing to work with you on this important issue.

Sincerely,



Tom Salomone
2016 President, National Association of REALTORS®

cc: House Small Business Committee Subcommittee on
Economic Growth, Tax, and Capital Access

¹ The majority of Commercial REALTORS® work in secondary and tertiary markets, with a median deal of \$2.9 million. ("National Association of REALTORS® Commercial Member Profile 2015." The National Association of REALTORS®, <https://www.scribd.com/doc/268728286/The-2015-NATIONAL-ASSOCIATION-OF-REALTORS-Commercial-Member-Profile> (June 15, 2015))

² "National Association of REALTORS® Commercial Lending Trends 2015." The National Association of REALTORS®, <https://www.scribd.com/doc/264653208/Commercial-Lending-Trends-Survey-2015-05-08> (May 8, 2015)



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