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2014 President

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May 19, 2014

The Honorable Rob Aderholt
Chairman
House Appropriations Subcommittee on
Agriculture
2362A Rayburn House Office Building
Washington, DC 20515

The Honorable Sam Farr
Ranking Member
House Appropriations Subcommittee on
Agriculture
2362A Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman Aderholt and Ranking Member Farr:

The U.S. Rural Housing Service (RHS) provides direct and guaranteed loans for both single and multifamily housing. Across rural America, these programs provide both rental and homeownership housing opportunities for rural families. As you begin to mark-up the FY2015 Appropriation for the Department of Agriculture this week, the one million members of the National Association of REALTORS® urge you to allow RHS to utilize Direct Endorsed lenders to approve loans, improving the efficiency of these programs.

Programs such as the Section 502 guaranteed loan program are instrumental in providing opportunities for homeownership for rural families. Section 502 guaranteed loans can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities. These loans are funded by private lenders, and simply insured by the RHS. These guarantees are at no cost to the federal government, as the loans are fully supported by the premiums paid by borrowers. In FY 2013, RHS provided access for more than 170,000 low and moderate income families to purchase a home. Another 7,000 families were provided the opportunity to repair their existing homes.

Today, every loan must be approved by the Rural Housing Service. In recent years, RHS staff has been dramatically reduced, and borrowers are now experiencing significant delays in loan approval. The Administration's FY2015 budget proposes delegating to approved lenders the authority to issue loan guarantees. This Direct Endorsement approach is used by the FHA and VA mortgage programs, and would create great efficiencies for the Department and for homebuyers. RHS, in turn, would free up staff time to focus on a strengthened lender monitoring process and risk management.

We urge you to include this language in the FY15 budget for the Rural Housing Service. The programs of the RHS are critical to the millions of Americans residing in rural communities.

Sincerely,



Steve Brown
2014 President, National Association of REALTORS®

