

November 12, 2009

United States Senate  
Washington, DC, 20510

Dear Senator:

The role of the Federal Housing Administration (FHA) has never been more important than it is today, and we urge you to assure the continued effectiveness of this important agency. FHA has been a primary factor in allowing hard-working families to purchase a home, and provides mortgage liquidity when so many others have pulled back from this market. FHA has helped to strengthen housing in this country and has helped our national economy to recover.

Without FHA, families would be unable to purchase homes and cities and counties would suffer from continued foreclosure and blight. On September 30, the Federal Reserve published its draft explanation of the 2008 Home Mortgage Disclosure Act (HMDA) data. That report shows the critical role FHA plays in the market. According to the Federal Reserve, FHA was responsible for 21% of all home loans during 2008, but by December of 2008, it had increased to 38% of home purchase loans and 25% of refinance loans. In addition, minority borrowers rely heavily on FHA. According to the Federal Reserve, "In 2008, more than 60 percent of home purchase loans and almost 40 percent of refinance loans to blacks were from either the FHA or VA. For Hispanic-white borrowers, nearly 50 percent of their 2008 home-purchase loans and 21 percent of their refinance loans were from the FHA or VA."<sup>1</sup>

FHA's new, expanded role has filled an important vacuum in the mortgage market. Its continued participation is critical to a housing recovery. FHA's larger market share does require increased risk management, and we support efforts that have been undertaken by the agency's new leadership. We believe FHA is taking the necessary steps to assure it remains a critical source of mortgage insurance for America's homebuyers at all times – good and bad.

On behalf of the below listed organizations, we urge you to continue to support the good work of FHA, and the regulatory and common sense business changes that are already underway at the agency. Unnecessary changes or restrictions to the program will only hamper our economic recovery and hurt millions of families who rely on FHA insurance to obtain safe, affordable mortgage financing.

Sincerely,

American Mortgage Cooperative  
Asian Real Estate Association of America  
Center for Responsible Lending  
Community Mortgage Banking Project  
Community Mortgage Lenders of America  
Consumer Federation of America  
Housing Policy Council  
Mortgage Bankers Association

National Association of Counties  
National Association of Hispanic Real Estate Professionals  
National Association of Home Builders  
National Association of REALTORS®  
National Community Reinvestment Coalition  
National Housing Conference  
NeighborWorks America  
U.S. Conference of Mayors

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<sup>1</sup> The 2008 HMDA Data: *The Mortgage Market during a Turbulent Year*,  
<http://www.federalreserve.gov/pubs/bulletin/2009/pdf/hmda08draft.pdf>