



Housing Assistance Council

1025 Vermont Ave., N.W., Suite 606, Washington, DC 20005, Tel.: 202-842-8600, Fax: 202-347-3441, E-Mail: hac@ruralhome.org
www.ruralhome.org

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The Honorable Barney Frank, Chairman
Committee on Financial Services, House of Representatives
Washington, DC 20515

Dear Representative Frank:

Thank you for giving the Housing Assistance Council (HAC) and others an opportunity to comment on the draft FHA Stabilization and Homeownership Retention Act. HAC believes that proposed use of Federal Housing Administration (FHA) insurance to help homeowners in jeopardy of losing their homes to foreclosure can have a dramatic impact on individual families and entire communities.

Data indicate that the foreclosure crisis and the need for economic stimulus are affecting our nation's rural areas as much as its cities. HAC is concerned, however, that the FHA may not be able to reach some rural areas, especially remote places farthest from urban centers. Even in 2008, not all rural counties are served by lending institutions that can originate FHA loans. Historically, small rural banks are reluctant to participate in FHA or other government programs. Consequently, many rural homeowners may not be aware of FHA's programs or may not have access to FHA insured loans.

To ensure that this bill can assist rural homeowners as well as their urban counterparts, then, HAC suggests two additions:

- **Strong, targeted marketing efforts should be required in rural places.** Specific efforts must be made to educate rural borrowers about the rescue program and its eligibility requirements. FHA should reach out to local media, nonprofit organizations, employers, places of worship, and others, and should include information about specific lenders that may be able to help in each area. Since many rural places still lack reliable, fast internet access, interested homeowners should be able to obtain information via toll-free telephone lines.
- **The Section 502 mortgage program and the Section 533 Housing Preservation Grant program of the U.S. Department of Agriculture (USDA) should be used to help address these issues in rural places.** HAC supports the proposal of the National Rural Housing Coalition to use Section 502 loans to assist struggling homeowners and Section 533 grants to enable nonprofits to acquire and sell or rent properties as affordable housing. USDA has a presence in the vast majority of rural counties nationwide, and its staff are familiar with local cultures.

I appreciate your attention to these issues.

Sincerely,

Moises Loza
Housing Assistance Council

Building Rural Communities

Southeast Office
600 W. Peachtree St., N.W.
Suite 1500
Atlanta, GA 30308
Tel.: 404-892-4824
Fax: 404-892-1204
southeast@ruralhome.org

Southwest Office
3939 San Pedro, N.E.
Suite C-7
Albuquerque, NM 87110
Tel.: 505-883-1003
Fax: 505-883-1005
southwest@ruralhome.org

Midwest Office
10920 Ambassador Drive
Suite 220
Kansas City, MO 64153
Tel.: 816-880-0400
Fax: 816-880-0500
midwest@ruralhome.org

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