

National Association of Home Builders

1201 15th Street NW
Washington, DC 20005

T 800 368 5242
F 202 266 8400

www.nahb.org



December 10, 2009

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

Dear Speaker Pelosi:

On behalf of the 200,000 members of the National Association of Home Builders (NAHB), I am writing to share NAHB's views on H.R. 4173, the *Wall Street Reform and Consumer Protection Act of 2009*. NAHB's members have supported steps to ensure that mortgage lending occurs in a safe and sound manner, with appropriate underwriting, prudent risk management and sound consumer safeguards and disclosure. Home builders and their customers, however, have been significantly impacted by the upheaval in the financial marketplace and, therefore, are highly focused on what might lay ahead.

The housing market, the financial system and the economy's performance continue to reel from the impacts of the mortgage market excesses of earlier this decade. Soaring mortgage foreclosures and declining home prices are interacting in an adverse feedback cycle that shows little sign of diminishing. While the nation will continue to suffer from these consequences in the months ahead, the mortgage system itself has already undergone radical reform and change.

The mortgage products and lending practices most responsible for the current troubles are no longer in use. Federal and state banking regulators have taken significant steps to curb risky mortgage lending activities, establish sounder underwriting and loan management policies, and improve consumer information and safeguards. In addition, the private-label securities market, which was the primary vehicle for exotic mortgages, has shut down as investors fled to safer havens, while the mainstream lenders have shifted to an extremely cautious posture. The pendulum, in fact, has swung back well past center so that mortgage credit is currently available only to those with unblemished credit histories who have resources to make a significant downpayment on their home.

In light of the continuing high levels of foreclosures, NAHB began looking at judicial modification of mortgages as one possible element to solving the foreclosure crisis. We believe strongly that any changes to the bankruptcy code must be done in a careful manner that will have a positive impact on the marketplace. Specifically, NAHB believes any changes must be limited in scope, temporary, and apply only to current mortgages. We appreciate that the Conyers Amendment #201 is limited to

existing mortgages and also includes language intended to ensure the bill does not negatively impact FHA and VA-backed mortgages. NAHB would like to see the Conyers Amendment further narrowed in order to focus only on those mortgages responsible for the surge in defaults and would urge the addition of a sunset provision.

As the House of Representatives considers comprehensive legislation to reform the nation's financial regulations, NAHB urges careful evaluation of steps already taken, ongoing market impairments and structural shifts in the housing finance system, as well as the immediate and longer-term impacts on the cost and availability of mortgage credit for qualified borrowers.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Stanton".

Joseph M. Stanton
Chief Lobbyist