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## Memo

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Date: September 18, 2007

To: Members of the U.S. House of Representatives

From: Floyd Stoner, Executive Director, Congressional Relations & Public Policy, ABA

RE: Support for H.R. 1852, the Expanding American Homeownership Act of 2007

I am writing to you on behalf of the members of the American Bankers Association (ABA) to express our support for H.R. 1852, the Expanding American Homeownership Act of 2007, scheduled for House consideration today. This legislation reforming the Federal Housing Administration (FHA) will make the FHA a strong, relevant tool to help banks and other lenders to bring homeownership to more Americans for years to come. These reforms are more necessary now than ever, as FHA can play an important role in addressing current problems in the mortgage markets.

The FHA was created in 1934 to serve as an innovator in the mortgage market. Since then, FHA, in a public/private partnership with banks and others in the lending community, has assisted nearly 35 million Americans become homeowners. Unfortunately, statutory limitations and lack of flexibility caused FHA to become less relevant to the industry. The legislation before the House of Representatives makes necessary changes to improve the efficiency of the FHA, increase the nation's homeownership rate, increase competition in the lending market, and provide borrowers with a much needed option in the current tight credit market.

Specifically, ABA supports provisions that: (1) simplify the down payment process and offer borrowers flexible down payment options; (2) extend the mortgage term of an FHA insured loan to 40 years; (3) increase the FHA loan limits; and (4) modernize the Home Equity Conversion Mortgage Program. These changes will again make the FHA an important partner with the private market and will help to ensure that more borrowers are able to benefit from FHA insurance.

We urge you to support this reform of FHA to better serve homebuyers by supporting H.R. 1852 when it comes to the House floor.