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March 22, 2010

The Honorable Daniel Inouye
Chairman
Senate Committee on Appropriations
S-131, The Capitol
Washington, DC 20510

The Honorable Thad Cochran
Ranking Member
Senate Committee on Appropriations
S-146A, The Capitol
Washington, DC 20510

Dear Chairman Inouye and Ranking Member Cochran:

I am writing to you on behalf of the members of the American Bankers Association (ABA) to express our support for the USDA Rural Development Single Family Housing Guaranteed Loan Program. As you know, increased demand for this program has nearly exhausted its funding. USDA has been forced to notify lenders that it likely will stop making any additional loan guarantee commitments in April of 2010. Without new funding, the program would have to be shuttered until the start of the new fiscal year roughly six months from today.

The USDA Rural Development Single Family Housing Guaranteed Loan Program is essential to rural residents seeking to become homeowners in their communities. Thousands of families in rural America will be served by this program and its lending partners in fiscal year 2010. Without this program, funding for home purchase transactions in rural areas would be greatly diminished. Fewer loans for housing would deal a significant blow to a housing market and to an economy struggling to regain their footing.

Because the Single Family Housing Guaranteed Loan Program is a loan "guarantee" program, not a direct loan program, modest levels of funding support a much larger investment in homeownership opportunities. One dollar of funding can support many times that amount in loan volume.

The ABA urges you to act decisively to support adequate funding for the Single Family Housing Guaranteed Loan Program for this fiscal year.

Sincerely,

Floyd E. Stoner
Executive Vice President, Congressional Relations & Public Policy

Cc: Members of the Senate Committee on Appropriations