

# *Community Mortgage Banking Project*

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March 19, 2010

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

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

Dear Chairman Inouye and Ranking Member Cochran:

The Community Mortgage Banking Project urges you to take immediate action to ensure that the commitment authority for Rural Housing Service (RHS) Section 502 Single Family Housing Guaranteed Loan Program will be available through the current fiscal year. The RHS is a valuable source of mortgage credit for consumers in designated rural areas. According to a recent announcement from USDA unusually strong demand for the program will cause its commitment authority to be depleted by the end of April, if Congress does not take action.

As you are both aware, rural residents who are eligible for the program have low to moderate incomes, and utilize the program to purchase a primary home. Rural borrowers frequently have fewer credit options than borrowers in urban locations, which makes the Single Family Housing Guaranteed Loan Program a vital source of home loan credit in rural areas. Program underwriting standards require borrowers, whose income cannot exceed 115% of the area median, to have good credit and steady incomes to handle the financial responsibility of home ownership.

CMBP requests the Senate to approve \$150 million in budget authority, which is the equivalent of approximately \$10 billion in commitment authority. This should be sufficient to sustain the program through the end of fiscal year 2010.

Thank you for your attention to this vital matter.

Sincerely,



Glen S. Corso  
Managing Director

