



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

430 North Michigan Avenue
Chicago, Illinois 60611-4087
312-329-8411 Fax 312-329-5962
Visit us at www.REALTOR.org

Walt McDonald Real Estate
3746 Elizabeth Street
Riverside CA 92506
909/682-2300 Fax 909-682-5239
E-mail: waltmcdonald@compuserve.com

Walt McDonald
President

May 26, 2004

Regulations Division
Office of General Counsel
Room 10276
Department of Housing and Urban Development
451 Seventh Street, SW
Washington, DC 20410-0500

COMMENTS RE: DOCKET NO. FR-4832-I-01

Dear Sir/Madame:

The NATIONAL ASSOCIATION OF REALTORS® (NAR), which is the largest trade and professional association in the nation representing over one million real estate practitioners nationwide, is pleased to submit the following comments on the Interim rule governing the HOME Investment Partnerships Program; American Dream Downpayment Initiative (ADDI) [Docket No. FR-3832-I-01, March 30, 2004.

The American Dream Downpayment Act, which passed last December, created a special fund, The American Dream Downpayment Fund, which will be administered as part of HUD's existing HOME Investment Partnerships Program. NAR actively supported the enactment of the American Dream Downpayment program. NAR has long recognized that the ability to afford a home remains the most challenging hurdle for many homebuyers, and this program will help reduce home buying costs and allow people to achieve homeownership. NAR strongly endorses the objectives embodied in this important law and we have embarked on a campaign to educate our members so they can be conduits for the Department in promoting this program to the American consumer nationwide.

The Interim rule mainly codifies the statutory formula for allocating ADDI funds to jurisdictions that participate in the HOME program and designates what activities can receive funding under the program. HUD has the flexibility to define the statutory factors for allocating ADDI funds. In the Interim rule, HUD has attempted to use a single set of formula factors for allocating ADDI funds. NAR supports the use of a single set of formula factors because it will help expedite the allocation of the previously appropriated FY 2003 ADDI funds to participating jurisdictions.

The Interim rule also establishes definitions that are only applicable to ADDI. For example, the Interim rule defines single family housing to mean a one-to four family residence, cooperative unit, condominium unit, a combination of manufactured housing and lot, or manufactured housing lot. NAR supports this expanded applicability of the term single family housing because it provides a wide variety of housing types where ADDI funds can be utilized.

The Interim rule gives each participating jurisdiction the right to establish it's own form of assistance. A jurisdiction can invest ADDI funds as interest-bearing loans or advances, non-interest bearing loans or advances, deferred payment loans, grants, interest subsidies or other forms of assistance. NAR believes that giving jurisdictions the flexibility to utilize the funding to suit their individual needs will help provide decent and affordable housing to more deserving families.

In order to receive ADDI funds, a participating jurisdiction must indicate in their Consolidated Plan how they intend to use the funds. The Interim rule amends HUD's Consolidated Plan regulations by expanding the amount of information a participating jurisdiction must submit. The participating jurisdiction must provide an action plan that includes a description of the steps that will be taken to ensure that ADDI recipients can undertake and maintain homeownership such as pre-or post purchase housing counseling. NAR supports this expansion of the Consolidated Plan because it will help ensure that people have the knowledge and ability to make the move from rental housing assistance to homeownership.

The ADDI statute specifically states what statutory HOME requirements apply to ADDI. However, the statute also grants HUD some discretion in determining the applicability of particular requirements. NAR supports allowing HUD this discretion because localities can now exclude those HOME requirements that are incompatible with down payment assistance.

Finally, HUD has attempted to minimize the administrative burden imposed on participating jurisdictions by incorporating the ADDI into the regulations that already exist for the HOME program. As a result, the Interim rule imposes only a few unfamiliar requirements on those jurisdictions that participate in the HOME program. NAR supports lessening the burden of administering the ADDI program.

NAR appreciates having the opportunity to provide these comments and looks forward to continuing working with the Department in promoting the American Dream Downpayment Initiative. If we can provide further information please contact Peter Morgan at 202-383-1233.

Sincerely,

A handwritten signature in black ink that reads "Walter T. McDonald". The signature is written in a cursive, slightly slanted style.

Walter T. McDonald
President