

National Association of Home Builders

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Federal Housing Finance Agency
Fourth Floor
1700 G Street, NW.
Washington, DC 20552

Re: Proposed Collection; Comment Request:
Monthly Interest Rate Survey
(No. 2010–N–06)

Dear Sir or Madam:

On behalf of the National Association of Home Builders (NAHB), I would like to submit comments in support of the Monthly Interest Rate Survey (MIRS) data collection proposed by the Federal Housing Finance Agency (FHFA) in the above-referenced notice published in the May 12, 2010 Federal Register (75 Fed. Reg. 26756).

The National Association of Home Builders is a Washington-based trade association representing more than 175,000 member firms involved in all aspects of home building, including the selling and financing of single-family homes. As such, NAHB and its members have a strong interest in the information generated by the MIRS.

The MIRS provides timely data on terms and interest rates for mortgages used to finance the purchase single-family homes. Because mortgages are required for the purchase of most homes sold by NAHB members, NAHB finds it necessary to track the MIRS information closely. In addition to using the data for internal analysis, NAHB publishes basic MIRS information every month in the housing market statistics section of HousingEconomics.com. Although NAHB has employed mortgage data from other sources on occasion, these other data have shortcomings that render them unsuitable for many purposes. Compared to MIRS information, other mortgage data tend to be less timely, available to the public at considerable cost, or lack critical details that the MIRS provides.

For example, the MIRS provides separate information on loans for newly built homes, which is very useful to the home building industry. In the absence of the MIRS, information on newly-built home loans could only be extracted from data sets like the American Housing Survey, which is only conducted once every two years and generates data with a considerable lag. As has been evident in recent years, mortgage market conditions can change rapidly. Thus, for many purposes, it is essential to have information on loans for newly built homes on a timely basis, as is provided only by the MIRS. The MIRS also provides information on loans by

lender type, which is important due to the strong historical evidence that different types of lenders often exhibit preferences for different types of mortgages. Again, the timely availability of this information is a key aspect of the MIRS.

In addition to making direct use of MIRS data, NAHB members sell homes using loans that are facilitated by government programs and agencies, and many of these programs and agencies in turn make use of the MIRS.

As discussed in the comment request, MIRS is one of the data sources FHFA uses to adjust Fannie Mae and Freddie Mac maximum mortgage purchase limits. Since 1994, the MIRS has also been linked indirectly to the Federal Housing Administration (FHA) high-cost area loan limits, since these limits are tied to a percentage of the Freddie Mac limit. As a result, the IRS is using MIRS information indirectly when it sets the safe harbor purchase price limits for homes purchased with proceeds of mortgage revenue bonds based on FHA data. A large share of home builder business relies on loans that are sold to Fannie Mae or Freddie Mac, insured by FHA, or financed through the mortgage revenue bond program. MIRS information is important to NAHB members for this reason.

In terms of ways to further enhance the utility of the MIRS, the most obvious improvement would be to include mortgages that are backed by FHA or the Department of Veterans Affairs (VA). These types of loans currently constitute a significant share of the home buying market, although the share fluctuates considerably depending on macroeconomic and financial market conditions. It would be highly desirable to track such loans within the MIRS framework; in fact, if this were done, the MIRS would become the only timely public source of information on the use of FHA- or VA-insured loans to purchase newly built homes.

In summary, the MIRS provides data that are needed by FHFA and other government agencies, extremely important to NAHB members, and for which there is no close substitute. FHFA's estimates of respondent burden for the MIRS seem reasonable and easily justified by the quality and quantity of the information produced.

For these reasons, NAHB strongly supports the MIRS and recommends that the MIRS be continued. NAHB also greatly appreciates the opportunity to comment on an important federal data collection effort. If you have any questions about NAHB's comment letter, please contact Michelle Hamecs, (202) 266-8425; mhamecs@nahb.org.

Sincerely,



David L. Ledford
Senior Vice President
Housing Finance and Land Development