

SAMPLE LETTER

February 20, 2012

The Honorable Tim Johnson
136 Hart Senate Building
Washington, DC 20510

Dear Senator Johnson:

As a member of the home building industry in your state and one of the more than 140,000 members of the National Association of Home Builders (NAHB), I am writing to bring to your attention one of the biggest challenges facing our industry today: the lack of availability and accessibility to land acquisition, land development and home construction (AD&C) loans. To remedy this situation, S. 2078, the Home Building Lending Improvement Act of 2012 has been introduced by Senator Robert Menendez (D-NJ). I urge you to cosponsor this important legislation.

AD&C loans are the life-blood of my industry. Far too often, lenders are refusing to extend new AD&C credit or to modify outstanding AD&C loans in order to provide more time to complete projects and pay off loans. Lenders often cite regulatory requirements or examiner pressure to shrink their AD&C loan portfolios as reasons for their actions. While federal bank regulators maintain that they are not encouraging institutions to stop making loans or to indiscriminately liquidate outstanding loans, reports from other NAHB members throughout the country suggest that bank examiners in the field are actually adopting a significantly more aggressive stance. Furthermore, it appears that some institutions are even overhauling and downsizing portfolios independent of regulator/examiner pressure.

As a result of this stifling regulatory environment, home builders are having extreme difficulty in obtaining credit for viable projects. Builders with outstanding construction and development loans are experiencing new requirements that are overly restrictive and hampering the ability to conduct business.

S. 2078, the Home Building Lending Improvement Act of 2012 offers a solution to the regulatory obstacles to the credit needs of our industry. It directs the banking regulators to issue new regulatory guidance in key areas that have resulted in the credit window being slammed shut on our industry. The legislation removes the barriers to lending while preserving the regulators' ability to assure the safety and the soundness of the financial institutions they oversee.

Again, I urge you to become a cosponsor of S. 2078, the Home Building Lending Improvement Act of 2012. This bill addresses the home construction credit crisis in a way that provides relief for many builders and helps the nation recover from this economic downturn. Thank you for your time and your attention to this important matter.

Sincerely,

[Your Name]