



June 30, 2006

The Honorable Diane Feinstein
United States Senate
331 Hart Senate Office Building
Washington, DC 20510

On behalf of the Asian Real Estate Association of America (AREAA), I would like to ask you to support S. 3535, the "Expanding American Homeownership Act of 2006". This important legislation will increase homeownership and give California homebuyers increased financing options.

AREAA is a national trade association dedicated to closing the homeownership gap facing the Asian American community. While we have members in over 17 States, the significant percentage of our members are based here in California.

AREAA firmly believes that a strong FHA will help our communities by:

- Increasing FHA's loan limit to 100% of the national conforming loan limit,
- Allowing FHA to insure all condo units as single family homes,
- Allowing FHA to insure flexible down-payment mortgages, and
- Allowing FHA to use risk based pricing.

California homebuyers can benefit specifically from this legislation. In 2000, more than 100,000 California homebuyers saw the benefits of using FHA. By 2005, that number had plummeted to just over 5,000. Increasing the FHA loan limit to 100% of the conforming loan limit will allow FHA to serve many of California's first-time homebuyers. In April 2006, California's median home price for condos was \$432,150. This is almost \$70,000 above the current limit for FHA loans, \$362,790.

The availability of affordable housing will be detrimental to the future growth and prosperity of California. As a practitioner of real estate right here in the San Francisco area, I see how difficult it is for a person with even a relatively high income level to get a decent home. In 2005, 50% of California's condos/townhomes were bought by first-time homebuyers. Because the current law classifies new and conversion condos as a multi-unit property, FHA has to approve the unit's entire condo building to qualify it for an FHA loan. This arduous task drives many potential FHA borrowers to seek other forms of

financing. Subsequently, only 1.4% of these first-time homebuyers used FHA. Allowing condos to be considered as a single-family property must be included in any final FHA reform bill.

FHA's single family mortgage insurance program is an important tool for families of all background and incomes levels to achieve the dream of homeownership. However, because FHA currently lacks programmatic flexibilities, the market value of FHA's insurance program has significantly diminished over the years. A true FHA reform is needed to give California's homebuyers greater choice and opportunities in the housing market.

We strongly urge your support of this important legislation. I thank you for your consideration of this important issue for our community.

Sincerely,

A handwritten signature in black ink, appearing to read "Allen M. Okamoto". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Allen M. Okamoto
Chairman

