

Resolution No. 8

Date: 6/8/2013

City: Washington, DC

NAHB Resolution

Title: Ensure Availability of Acquisition, Development & Construction  
Credit  
Sponsor: Housing Finance Committee  
Submitted by: Kent Conine

WHEREAS, home builders continue to rely on commercial banks, specifically their community banks, for housing production financing;

WHEREAS, there are ongoing credit restrictions for builders attempting to obtain acquisition, development and construction (AD&C) financing;

WHEREAS, the U.S. economy as a whole benefits from a robust home building industry and tight AD&C lending conditions deter home building thereby hurting job creation and slowing economic growth;

WHEREAS data from the Federal Deposit Insurance Corporation (FDIC) indicates that commercial bank AD&C lending should be significantly higher to meet demand for new home construction financing;

WHEREAS, regulatory guidance from the federal banking regulators has led financial institutions to place constraints on AD&C lending, limiting credit availability for viable projects;

WHEREAS, uncertainty regarding future regulatory capital and compliance and requirements regarding AD&C lending is contributing to financial institutions' reluctance to engage more fully in financing new AD&C projects and restructuring existing AD&C loans; and

WHEREAS, AD&C lending is not credited under financial institution Community Reinvestment Act regulations,

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders (NAHB) urge Congress and federal banking regulators to provide support for acquisition, development and construction (AD&C) lending at financial institutions by:

- Emphasizing to banking field examiners that the commercial real estate (CRE) lending thresholds are not to be enforced as definitive lending limits to prevent banks from making loans to home builders;
- Prohibiting banking field examiners from compelling lenders to call or curtail residential AD&C loans in good standing;
- Allowing regulatory flexibility to permit appropriate forbearance and workouts on troubled AD&C loans;
- Ensuring that regulatory capital requirements do not adversely impact AD&C lending by financial institutions, particularly by small community banks; and
- Providing incentives for residential AD&C financing in housing lending investment requirements for financial institutions by allowing credit under the Community Reinvestment Act regulations for AD&C lending.

BE IT FURTHER RESOLVED that NAHB urge Congress, regulatory agencies and participants in the housing finance system to facilitate development of nontraditional AD&C capital sources, including a secondary market for housing production loans and potential securitization opportunities.

Board of Directors Action:	Approved
Executive Board Action:	Recommends Approval
Resolutions Committee Action:	Recommends Approval
Housing Finance Committee Action:	Recommends Approval
Land Development Committee Action:	Recommends Approval
Custom Home Builders Committee Action:	Recommends Approval
Single Family Production Builders Committee Action:	Recommends Approval
Business Management & Information Technology Committee Action:	Recommends Approval
Federal Government Affairs Committee Action:	Recommends Approval
Single Family Small Volume Builders Committee Action:	Recommends Approval
Financial Institutions & Capital Markets Subcommittee of the Housing Finance Committee Action:	Recommends Approval

*This resolution updates and replaces policies that will sunset: 2009.1 No. 1 [Evolving Housing Credit Conditions](#) and 1989.9 No. 7 [Federal Housing Support](#) and [Secondary Market for Housing Production Loans](#)*