

Preserve the Mission and Purpose of the FHA Program

CONGRESSIONAL ACTION NEEDED

Ensure the Federal Housing Administration (FHA) single-family program has the tools and policies in place to meet its mission of providing access to safe, affordable mortgage financing for qualified borrowers nationwide. Do no harm to the FHA program by advocating initiatives and policies that unfairly burden homebuyers.

CONGRESSIONAL ACTIONS TO DATE

- The House Financial Services Committee has passed H.R. 4264 (Biggert R-IL), the “FHA Emergency Fiscal Solvency Act of 2012,” that will provide FHA with additional tools to mitigate risk without overburdening consumers.
- Several Members of Congress have written to the U.S. Department of Housing & Urban Development (HUD) to express concern with FHA’s condominium policies that make it very difficult to purchase a condo with FHA financing.

WHAT TO TELL YOUR REPRESENTATIVES AND SENATORS

- Support H.R. 4264, the “FHA Emergency Fiscal Solvency Act of 2012,” as it was passed out of committee, which balances the need to improve the fiscal solvency of the FHA fund with costs and availability to consumers.
- Submit comments to HUD opposing the condominium regulations, and expressing concern that qualified homebuyers are being shut out of often the most affordable homeownership option available.

ISSUE BACKGROUND

FHA, like every other holder of mortgage risk, has incurred financial losses as a result of increasing foreclosures. However, FHA has increased premiums in order to compensate for these losses. Congress should NOT impose any additional burdens on consumers. Further mandated increases to premiums or increases to downpayments will disenfranchise FHA borrowers and hurt our housing recovery.

Provide FHA with Tools, but Don’t Disqualify Potential Homeowners

NAR supports H.R. 4264, as passed by the House Financial Services Committee. This legislation provides FHA with protections against lenders who make errors of material fact, and creates a structure of oversight. But any amendments that might raise the downpayment requirement, mandate additional premium increases, or otherwise limit qualified FHA borrowers from eligibility will seriously impact our housing recovery.

Ease Burdensome Condominium Regulations

FHA’s condominium rules prohibit many borrowers from being able to purchase a home. The new rules place unreasonable burdens on condominium and townhouse communities, rendering them unable to obtain FHA eligibility. FHA has seen a decrease in eligible properties of 41% in the last year. Given that condominiums (and many townhouse developments) are often the most affordable housing option for buyers, these rules are shutting these homeowners out of the market.