



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

MAR 11 2013

Dear Industry Partner:

As you are likely aware, due to the inability of Congress to pass legislation on balanced deficit reduction to avoid sequestration, the President was required by law to issue a sequestration order on March 1, 2013, canceling approximately \$85 billion in budgetary resources across the Federal government for the remainder of the Federal fiscal year (FY). Because you are a partner with the FHA, you are entitled to timely and clear information about how these budget cuts impact us, and, in turn, what it means for the FHA single family mortgage insurance production.

At this time, HUD is taking every step to mitigate the effects of these cuts, but based on our analysis, it is likely that your organization's business processes may be affected. For example, the sequester will require the Department to furlough staff and take reductions in systems maintenance and other areas which may result in delays in processing mortgage insurance applications and/or insurance claims or other associated activities. In addition, there may be delays in response times related to origination and servicing inquiries.

Despite these impacts, FHA fully intends to meet its obligations to insure qualified mortgages and to pay qualified claims.

Thank you for your continued partnership and for your cooperation as we work together to manage through these circumstances.

Sincerely,

A handwritten signature in blue ink that reads "Carol J. Galante".

Carol J. Galante

Assistant Secretary for Housing -
Federal Housing Commissioner