

Elizabeth Mendenhall
2018 President

Bob Goldberg
Chief Executive Officer

ADVOCACY GROUP
William E. Malkasian
Chief Advocacy Officer/Senior Vice President

Jerry Giovaniello
Chief Lobbyist

500 New Jersey Ave., NW
Washington, DC 20001-2020
Ph. 202-383-1194
WWW.NAR.REALTOR

February 12, 2018

The Honorable Dr. Benjamin Carson
Secretary
US Department of Housing and Urban Development
Washington, DC 20410

Dear Secretary Carson:

On behalf of the 1.3 million members of the National Association of REALTORS® (NAR), I write to support the Department of Housing and Urban Development's (HUD) foreclosure moratorium for Federal Housing Administration (FHA) insured properties in the Presidentially-Declared Major Disaster Areas (PDMDA) associated with Hurricanes Harvey, Irma, and Maria. The moratoriums have prevented further catastrophe in victims' lives and severe negative impact to the financial soundness of FHA. Unfortunately, many borrowers, primarily in Puerto Rico, Florida, the U.S. Virgin Islands, and Houston, Texas, continue to deal with emotional and financial stresses as a result of the hurricanes. NAR believes it is in the best interest of FHA and the affected communities to extend the foreclosure moratoriums.

The National Association of REALTORS® is America's largest trade association, representing 1.3 million members, including NAR's institutes, societies, and councils, involved in all aspects of the residential and commercial real estate industries. NAR's membership is composed of residential and commercial REALTORS® who are brokers, salespeople, property managers, appraisers, counselors, and others engaged in the real estate industry. Members belong to one or more of approximately 1,200 local associations/boards and 54 state and territory associations of REALTORS®.

Several months have passed since Hurricanes Harvey, Irma, and Maria wreaked havoc on the U.S. Sadly many of the people living in the affected areas are still struggling to rebuild their lives in the wake of the devastation. Without question, Puerto Rico has endured unprecedented levels of destruction. The territory will require massive rebuilding of key infrastructure, including repairing roads, improving access to water and electricity, and fully restoring health facilities. Residents are unable to regain employment or return to their homes, many of which are without roofs or walls. HUD clearly recognizes the continued need in Puerto Rico given the February 1, 2018 announcement of \$1.5 billion in disaster recovery aid. The unfortunate result is that many FHA borrowers are unable to maintain their loan payments. For FHA loans specifically, Puerto Rico had a total delinquency rate of 36.5 percent in December 2017, with the number of serious delinquencies rising 69 percent from 14,482 to 24,543. The result of those increases is that 21 percent of FHA loans in Puerto Rico are now seriously delinquent. Should FHA allow the foreclosure moratorium to end, it would lead



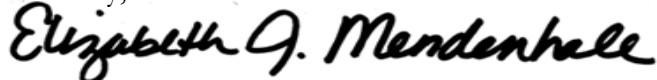
to a massive hit to the financial reserves of the Mutual Mortgage Insurance Fund (the Fund) given the likelihood of a rush of foreclosures.

Unfortunately, the situation is similar in the other PDMDAs. The U.S. Virgin Islands are facing rebuilding needs similar to Puerto Rico, as evidenced by HUD's February 2, 2018 disaster relief grant of \$243 million. In the U.S. Virgin Islands, 30.86 percent of the FHA loans are delinquent and 19.58 percent are seriously delinquent. In Florida, residents are struggling with removing debris and making permanent repairs to buildings and infrastructure. Florida saw a 35 percent increase in serious FHA delinquencies in December 2017, from 35,668 to 48,064 loans. This represents a more than doubling from October 2017. Florida's total FHA delinquency rate is at 9.3 percent. Many residents of Houston continue to be displaced, as they are still waiting for funds to repair or rebuild water-damaged homes. Total FHA delinquencies amounted to 41,964 loans, or 20.8 percent of the total portfolio in December 2017. With the foreclosure moratoriums for Hurricanes Harvey, Irma, and Maria set to end on February 19, March 9, and March 19, 2018, respectively, the spring could see a large increase in foreclosure activity. The Fund, which has been financially sound for three years in row, would be unnecessarily compromised by allowing these Hurricane related foreclosures to occur.

NAR urges HUD to continue the moratorium on foreclosures of properties within the Presidentially-Declared Major Disaster Area associated with Hurricanes Harvey, Irma, and Maria. The rush of foreclosures that would follow the ending of the moratorium would be devastating to the financial health and soundness of FHA and to the many families still trying to recover from the physical and emotional damage inflicted by the Hurricanes.

NAR appreciates your consideration of this matter. If you have any questions regarding this letter, please contact me or NAR's Regulatory Policy Representative, Sehar Siddiqi, at 202-383-1176 or SSiddiqi@REALTORS.org.

Sincerely,



Elizabeth Mendenhall

2018 President, National Association of REALTORS®