

**April 24, 2020**

**Vince Malta**  
2020 President

**Bob Goldberg**  
Chief Executive Officer

**ADVOCACY GROUP**

**William E. Malkasian**  
Chief Advocacy Officer / SVP

**Shannon McGahn**  
SVP Government Affairs

The Honorable Brian Montgomery  
Assistant Secretary for Housing – Federal Housing Commissioner  
U.S. Department of Housing and Urban Development  
451 Seventh Street, S.W. Washington, D.C. 20410

Dear Commissioner Montgomery

On behalf of the 1.4 million members of the National Association of REALTORS® (NAR), I write in response to your recent comments that the Federal Housing Administration (FHA) is considering raising premiums on FHA borrowers. Overall, NAR commends you for your stewardship of the FHA program. FHA's capital resources that are known and audited at the end of each fiscal year have grown to \$58 billion in FY 2019. These funds will play an invaluable role in keeping FHA operating at no expense to the taxpayer during these unprecedented times. NAR urges FHA to maintain the current premium levels and not to raise them on American families when they are facing the most far-reaching health crisis in many generations.

Today, NAR is seeing the majority of lenders in this country adding overlays and raising costs in response to concerns over borrower forbearance. These overlays are already stifling the real estate market, especially for first-time homebuyers and minority homebuyers. Should FHA increase premiums, NAR believes that access to mortgage credit could become severely restricted for a much larger percentage of the potential homebuying population. Over the long run, this could potentially damage the Mutual Mortgage Insurance Fund more so than simply riding out the brief period of turmoil we see this spring. As the Administration is already showing confidence in an opening up of the economy by summer, any potential losses to the Fund could be quickly restored during what economists are predicting as a delayed homebuying season. In its counter-cyclical role, FHA traditionally supports the housing market in times like these, ensuring that qualified first-time homebuyers, including low- to moderate-income households, are able to complete planned home purchases. As you know, sustainable and affordable homeownership improves long-term net worth and financial security through accumulated savings, appreciation in the value of the home, and predictable monthly housing expenses.

In your recent comments, you also mentioned that FHA would "probably have something next week" addressing the issue involving the eligibility of loans for insurance if a borrower requests forbearance before the loan can be insured. We would ask that FHA publish a mortgagee letter as soon as possible that definitively states loans are eligible for insurance even if the borrower has requested forbearance after loan closing assuming, of course, the loan was originated in accordance with FHA requirements. Otherwise, deserving borrowers would



be denied forbearance since they won't have a "federally-backed loan" and many in the mortgage industry would install even more overlays to reduce their potential exposure of originating loans that cannot be insured.

Now is not the time to raise premiums on FHA borrowers and turn this health care emergency into a housing crisis. Home sales transactions can help buoy the economic recovery, but the mortgage market needs to continue to function as normally as possible to ensure there is access to affordable mortgage credit.

Thank you again for your diligent work during this crisis and consideration of these comments. If I may be of any assistance to you, please do not hesitate to contact me or our Senior Policy Representative, Sehar Siddiqi, at (202) 383-1176 or [SSiddiqi@NAR.REALTOR](mailto:SSiddiqi@NAR.REALTOR).

Sincerely,

A handwritten signature in black ink, appearing to read "Vince Malta". The signature is fluid and cursive, with the first name being more prominent.

Vince Malta

2020 President, National Association of REALTORS®