

August 3, 2020

Vince Malta
2020 President

Bob Goldberg
Chief Executive Officer

ADVOCACY GROUP

William E. Malkasian
Chief Advocacy Officer / SVP

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SVP Government Affairs

The Honorable Dana Wade
Assistant Secretary for Housing – Federal Housing Commissioner
US Department of Housing and Urban Development
451 7th Street S.W.
Washington, DC 20410

Dear Commissioner Wade:

On behalf of the 1.4 million members of the National Association of REALTORS® (NAR), I write in response to the release of Mortgagee Letters 2020-23 and 2020-24 *COVID-19 Multisubject: Updated Temporary Guidance for Verification of Self-Employment; Rental Income; 203(k) Rehabilitation Escrow Account* (Mortgagee Letters). While NAR recognizes that the COVID-19 crisis has created unforeseen complications in the mortgage lending industry, the overall effects of the temporary requirements under the Mortgagee Letters unfairly penalize Federal Housing Administration (FHA) borrowers who are self-employed. While NAR appreciates the delay in the effective date provided by ML 2020-24, the removal of the language in the Mortgagee Letters regarding self-employed borrowers is urgently required.

Penalizing the self-employed, such as REALTORS® who are employed as independent contractors through a brokerage or own their brokerage, by demanding greater verification over their employment is patently unfair. Whether someone is self-employed or employed by another entity has less to do with their current stability than their industry. For example, real estate is doing remarkably well today. According to NAR's Pending Home Sales Index (PHSI), contract signings rose 16.6% in June. The year over year increase for June was 6.3%. A REALTOR® would be a very sound borrower based on the status of the industry, yet most are independent contractors or self-employed and would face a more burdensome underwriting process than someone employed in an industry that is hurting today. This could have chilling effect on the self-employed's ability to use FHA financing to purchase a home.

NAR recognizes the desire to protect FHA's financial footing. However, burdening the ability for self-employed borrowers to get an FHA mortgage through unnecessary underwriting requirements could prevent many financially sound borrowers from buying a home. NAR urges FHA to rescind the Mortgagee Letters and remove the burdensome requirements on self-employed borrowers.

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.

Sincerely,



Vince Malta
2020 President, National Association of REALTORS®

