

# NAR Issue Summary

## Housing / FHA Low/No Downpayment

### **NAR Committee:**

Federal Financing and Housing Policy Committee

### **What is the fundamental issue?**

In late 2008, FHA prohibited loans with seller-funded downpayment assistance. Only those programs that are funded directly from the seller or other party to the transaction are prohibited. Seller-funded downpayment loans have had a very high foreclosure rate and continue to hurt FHA's overall financial standing.

Downpayment assistance from family members, government programs, or charities that are not seller-funded is still permitted. In addition, seller concessions (up to 6%) are still permitted, although FHA has proposed limiting these to 3%.

### **I am a real estate professional. What does this mean for my business?**

FHA borrowers will no longer be able to use seller-financed downpayment assistance such as that provided by Nehemiah and AmeriDream.

NAR has opposed lowering seller concession to 3%.

### **NAR Policy:**

NAR supports reform of seller-funded downpayment assistance programs that provides benefits to consumers, including housing counseling, and insures the safety and soundness of FHA.

### **Opposition Arguments:**

N/A.

### **Legislative/Regulatory Status/Outlook**

There is no current legislation to restore the seller-funded downpayment program.

### **Current Legislation/Regulation (bill number or regulation)**

No actions at this time.

### **Legislative Contact(s):**



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