

June 11, 2026

Laurie Mohr
Finance and Loan Analyst
Single Family Housing Guaranteed Loan Division
Rural Housing Service, U.S. Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250-0784

Re: Docket No. RHS-25-SFH-0003; RIN 0575-AD47; Single Family Housing Guaranteed Loan Program: Limited Party Concessions (Proposed Rule, 91 Fed. Reg. 20941, April 20, 2026)

Dear Ms. Mohr:

The National Association of REALTORS® (NAR) appreciates the opportunity to comment on the Rural Housing Service's proposed rule to amend the Single Family Housing Guaranteed Loan Program to exclude real estate commission fees from the six-percent interested party concession limitation. NAR strongly supports this proposed change, which will benefit rural homebuyers and bring the program's regulatory text in line with its current practice.

NAR is the nation's largest trade association, representing more than 1.4 million members involved in all aspects of the residential and commercial real estate industries. NAR members work daily with homebuyers and sellers in rural, suburban, and urban communities across the country, and they have a firsthand understanding of the barriers families face in accessing affordable homeownership. We have long supported policies that expand access to homeownership and the availability of affordable housing, including programs administered by USDA Rural Development.

Real Estate Commission Fees Should Not Count Against the Seller Concession Cap

Borrowers of the Guaranteed Loan Program are disproportionately first-time homebuyers with limited cash reserves who often depend on seller concessions to help cover costs they cannot easily absorb out of pocket. It has long been common practice for sellers to offer compensation to a buyer's agent as part of the transaction. The Agency has recognized that counting those fees against the six-percent concession cap would reduce the funds available to borrowers for closing costs, escrow, and home repair needs, and has already addressed the problem through its technical handbook and administrative exception authority. The proposed rule would make that policy permanent by incorporating it directly into the regulation.

The Proposed Change Aligns the Guaranteed Loan Program with Standard Market Practice

FHA and the GSEs have long excluded seller-paid buyer agent commissions from interested party contribution limits, treating them as fees customarily paid by sellers according to local convention rather than financial concessions to the buyer. When industry sought clarification on this point in 2024 following the NAR settlement in the Sitzer-Burnett case, FHA confirmed that seller-paid buyer agent commissions and fees paid as a matter of state and local law or custom, and that are reasonable in amount, are not treated as interested party contributions.

Fannie Mae and Freddie Mac issued similar clarifications, stating that fees customarily paid by the property seller according to local convention are not subject to financing concession limits. USDA's proposed rule would apply the same standard, and the Agency's handbook has already reflected it. The proposed rule puts that policy where it belongs: in the regulation.

Conclusion

NAR and its members are strongly committed to expanding homeownership opportunities for rural Americans and strongly support finalizing this rule as proposed. Professional buyer representation plays an especially important role for rural homebuyers, many of whom are first-time purchasers navigating a complex transaction with limited financial flexibility. USDA's decision to exclude buyer broker fees from the seller concession cap will help preserve access to that representation while ensuring that limited seller concessions remain available to address borrowers' other transaction-related costs. The Agency has taken the right policy step through its handbook and administrative exception authority and codifying it in regulation will ensure that USDA borrowers can rely on it going forward.

Respectfully submitted,



Kevin Brown
2026 President, National Association of REALTORS®