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Jamie Gregory, Deputy Chief Lobbyist

500 New Jersey Ave., NW
Washington, DC 20001-2020
Ph. 202-383-1194; Fax 202-383-7580
www.REALTOR.org

May 2, 2016

The Honorable Julián Castro
Secretary
U.S. Department of Housing and Urban
Development
451 Seventh Street, S.W.
Washington, DC 20410

Dear Secretary Castro:

I am writing on behalf of more than 1.1 million members of the National Association of REALTORS® (NAR) to thank you for listening to NAR's concerns and revising the calculation of student loan debt for Federal Housing Administration (FHA) loans. In addition, NAR would also like to draw your attention to concerns over the effect the new calculations will have on borrowers with income-based repayment plans.

The National Association of REALTORS® (NAR) is America's largest trade association, including our eight affiliated Institutes, Societies and Councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,300 local associations or boards, and 54 state and territory associations of REALTORS®. NAR represents a wide variety of housing industry professionals, including approximately 30,000 licensed and certified appraisers, committed to the development and preservation of the nation's housing stock and making it available to the widest range of potential homebuyers.

NAR applauds FHA's Mortgage Letter 2016-08. Recognizing that student loan debt is different from other debt is an important step forward in addressing the effect student loan debt is having on potential homebuyers. The reduction of the monthly loan obligation calculation for certain borrowers, from two percent of the outstanding loan balance to one percent, will help to alleviate some of the financial pressure facing consumers who are saddled with student debt. NAR members have advocated for this change in particular, and are sure it will allow many more qualified borrowers to purchase homes.

However, NAR is concerned that student debt holders on income-based repayment plans will be negatively impacted under the new calculations. A borrower who pays \$100 per month towards a partially amortizing \$30,000 loan should have the \$100 payment considered in their monthly obligations, rather than a \$300 payment as dictated under FHA's current guidelines. Any borrower making monthly student loan payments is entitled to have their monthly obligations calculated appropriately in their debt-to-income ratio. NAR urges reconsideration of FHA's method for calculating monthly obligations and to standardize underwriting guidelines for all forms of student loan debt.

Thank you again for taking steps to alleviate the burden of student debt for potential homebuyers. If I may be of any assistance to you, please do not hesitate to contact me or our Regulatory Policy Representative, Sehar Siddiqi, at (202) 383-1176 or ssiddiqi@REALTORS.org.

Sincerely,



Tom Salomone
2016 President, National Association of REALTORS®

