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January 8, 2015

The Honorable Julian 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 the one million members of the National Association of REALTORS® (NAR) to thank you for reducing mortgage insurance premiums for Federal Housing Administration (FHA) loans. FHA plays an invaluable role in the nation's housing finance system by providing access to safe, affordable mortgage financing for millions of American families.

NAR is America's largest trade association, including NAR's eight affiliated institutes, Societies and Councils, five of which focus on commercial transactions. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,400 local associations or boards, and 54 state and territory associations of REALTORS®.

The 50 basis point reduction in the annual premium will price-in an additional 1.6 million to 2.1 million renters along with many trade-up buyers, resulting in 90,000 to 140,000 additional annual home purchases. The policy change will boost purchase volume, which results in additional revenue to the Mutual Mortgage Insurance Fund (MMIF). Even with the rate reduction, the premium is priced to cover expected losses, which keeps FHA on track to meet its capital reserve requirement.

In anticipation of the spring buying season, NAR urges FHA to act quickly to issue a mortgagee letter and implement the 50 basis point mortgage insurance premium reduction. Spring is one of the busiest times of the year for NAR members, but home buying activity could slow if borrowers, real estate agents, and lenders wait until a fee reduction is implemented.

Thank you again for working to ensure improved access to credit for more qualified American homebuyers and for your consideration of the timely implementation of the rate reduction. We look forward to working with you to maintain the success of the FHA program. If I may be of any assistance to you, please do not hesitate to contact me or our Regulatory Policy Representative, Sarah Young, at (202) 383-1233 or scyoun@realtors.org.

Sincerely,



Chris Polychron
2015 President, National Association of REALTORS®

Cc: Mr. Biniam Gebre
Acting Commissioner
Federal Housing Administration

