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April 7, 2015

Kathleen Zadareky
Deputy Assistant Secretary for Single Family Housing
US Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

Dear Ms. Zadareky:

I am writing on behalf of more than one million members of the National Association of REALTORS® in response to the release of the Federal Housing Administration's Single Family Housing Policy Handbook. NAR has concerns about several policy changes that could impact access to credit as well as the June 15th implementation date of the Handbook.

The National Association of REALTORS® 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 1,400 local associations or boards, and 54 state and territory associations of REALTORS®.

Policy Changes May Impact Access to Credit

NAR applauds FHA's effort to consolidate prior handbooks, Mortgage Letters, and Housing Notices into a single authoritative Handbook. We believe that the Handbook will be easier to understand and allow the industry to more effectively implement FHA policies. NAR appreciates the opportunity to review and provide comments on the Handbook. There are some policy changes that NAR is concerned could impact borrower access to credit. For instance, FHA will require that the lender calculate a debt payment using 2 percent of the outstanding debt and include it in the borrower's qualifying ratios. Fannie Mae currently has a similar requirement but just 1 percent of the total debt must be included in the borrower's qualifying ratios. The Association will closely monitor the student debt calculation as well as other FHA policy changes in the Handbook related to how FHA handles a borrower's debt payments. We trust that FHA will make adjustments if any of the policy changes related to a borrower's debt payments are found to have an adverse impact on otherwise qualified homebuyers.

Implementation Date Impacts Homebuyer

FHA released the Origination through Endorsement Section of the Handbook in September 2014 and the Appraisal and 203(K) Consultant Sections in March 2015. Both of these sections will be implemented in June 2015. While NAR has worked closely with members to apprise them of the forthcoming changes, we are increasingly concerned about the June 15th implementation timeline. The Association has heard from industry partners that the need for on-going review of policy clarifications and policy changes, as well as operational issues, could cause



problems, especially for appraisers and lenders. Some policies will require lender systems changes as well as staff training to implement new policies. Appraisal courses will need to be written and approved by the states for continuing education, which could be difficult before a June 15 implementation date. June and July are two of the busiest home buying months. With the anticipated RESPA-TILA changes happening over the summer, our members are very concerned about the potential impact on the homebuyer.

Thank you again for your work on the FHA Handbook and for your consideration of a delayed implementation date. We look forward to working with you to maintain the success of the FHA program and preserve access to homeownership. 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,

A handwritten signature in black ink, appearing to read "Chris Polychron". The signature is fluid and cursive, with a long horizontal stroke at the end.

Chris Polychron
2015 President, National Association of REALTORS®