

July 18, 2016

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Mr. Edward Golding  
Principal Deputy Assistant Secretary for Housing  
US Department of Housing and Urban Development  
Washington, DC 20410

RE: [Docket No. FR-5353-P-01] Federal Housing Administration (FHA):  
Strengthening the Home Equity Conversion Mortgage Program

*Submitted electronically via Regulations.gov*

Dear Mr. Golding:

On behalf of the more than 1.1 million members of the National Association of REALTORS® (NAR) I thank you for taking steps to improve the Federal Housing Administration's (FHA) Home Equity Conversion Mortgage (HECM), including the HECM for Purchase program. However, NAR is concerned with the effect some proposed changes would have on borrowers using HECM for Purchase.

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 1,200 local associations or boards, and 54 state and territory associations of REALTORS®.

As you know, NAR supports the critical role that the FHA plays in the nation's housing finance system. FHA's Home Equity Conversion Mortgage (HECM) and related HECM for Purchase program are important tools that allow older adults to benefit from the equity in their homes. Through HECM for Purchase, many limited income older adults are able to purchase homes better suited to their lifestyle and needs without depleting their savings. NAR is concerned that FHA's proposed change to the HECM for Purchase counseling requirement, in which counseling must be completed prior to signing a sales contract or making an earnest deposit, will prevent many elderly homebuyers from being able to use HECM funding to purchase a home. For example, NAR can foresee a scenario where an earnest money deposit was made or a sales contract was signed with the anticipation of using an alternate source of funding, but the borrower would now be better served by HECM for Purchase funding. This borrower would lose the money they already put towards that home or even be prevented from purchasing the home by any means. NAR urges FHA to maintain the current HECM for Purchase counseling requirement as it is written and currently understood.

Interested party contributions, also known as seller concessions, are an important part of the home buying process by which sellers can help borrowers offset closing costs while still allowing for the fair sale of a home. FHA currently permits interested party contributions up to six percent of the purchase price of the home for forward transactions, but prohibits these same contributions in the HECM for Purchase program. While the proposed rule takes a step in the right direction by allowing interested party contributions required under local or state law, NAR urges FHA to allow HECM for Purchase borrowers to benefit from all interested party contributions allowed under FHA's forward mortgage programs.



NAR recognizes the pressure FHA is under to maintain and strengthen the financial condition of the Mutual Mortgage Insurance Fund (MMIF). The single family mortgage insurance program is strong and financially stable. Over the years the volatility of the HECM program has had a significant impact on the MMIF. NAR strongly favors limiting this unpredictability and supports FHA in taking steps to minimize the erratic effect the HECM program has on the MMIF. Currently, FHA is well positioned to lower the annual mortgage insurance premiums and eliminate the requirement that mortgage insurance is held for the life of the loan, increasing homeownership opportunities for many Americans. Increasing the stability of the HECM program would further enhance the stability of the MMIF.

Thank you again for your time and consideration of these comments. 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](mailto:SSiddiqi@REALTORS.org)

Sincerely,

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

Tom Salomone

2016 President, National Association of REALTORS®