



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

MAY 28 2004

Mr. Mitchel H. Kider
Weiner Brodsky Sidman Kider
PC 1300 19th Street, NW Fifth
Floor
Washington, DC 20036-1609

Dear Mr. Kider:

This is in response to your letter of May 26, 2004, regarding your client, Community Reinvestment Acceptance Corp., and its Mortgage Payment ReliefTM program and whether the Department of Housing and Urban Development would permit the use of premium pricing to pay for the cost of obtaining this protection.

Provided that the use of premium pricing conforms to Federal Housing Administration (FHA) existing requirements, as stated in handbook HUD 4155.1 REV-5, paragraph 1-9 J, FHA would not object to premium pricing for payment of the protection. It is important to emphasize that the lender must disclose that premium pricing is being used for the protection and the cost of that protection.

This is consistent with FHA's overall policy on premium pricing as well as its instructions, as written in Mortgagee Letter 93-29, regarding mortgage payment protection.

I hope the information provided is helpful. Please feel free to call Vance T. Morris at 202-708-2121, should you have additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John J. Coonts", written over a horizontal line.

John J. Coonts
Acting Deputy Assistant Secretary
for Single Family Housing