



September 15, 2008

Dear Representative:

As President of the National Association of Mortgage Brokers (NAMB), I am writing to ask you to support H.R. 6694, the “FHA Seller-Financed Downpayment Reform and Risk-Based Pricing Authorization Act of 2008.” This bill revises the requirements for seller-financed downpayment assistance programs (“DPAs”) for mortgages insured by the Secretary of Housing and Urban Development (“HUD”). DPA programs are scheduled to be eliminated on October 1, 2008 pursuant to H.R. 3221, the “Housing and Economic Recovery Act of 2008.”

These programs, operated by non-profits in accordance with current law and HUD guidelines, have helped more than one million working families buy their own homes over the past decade. DPA helps borrowers who have sufficient credit to qualify for Federal Housing Administration (“FHA”) loans but have insufficient capital to meet the three percent - 3.5% under H.R. 3221 - downpayment requirement.

The GAO has reported that 94 percent of DPA-assisted homeowners have met their mortgage responsibilities without undue difficulty. If the DPA program is eliminated, almost a third of FHA’s target population of low- to moderate-income families would lose the critical home-buying assistance they need to purchase a home.

To ensure that the DPA program does not place the FHA at risk, HR. 6694 includes additional protections by only permitting FHA seller downpayment assistance for persons with appropriate credit score levels and with risk-based premium pricing.

Rather than going too far by eliminating all DPA providers, H.R. 6694 includes reasonable and fair criteria by which these programs can continue to operate, while also protecting the FHA insurance fund.

DPA has played an important role in assisting FHA to meet its mission. Please reaffirm America’s commitment to improving access for minority and low-income families to homeownership by supporting H.R. 6694.

Sincerely,

Marc Savitt, CRMS
NAMB President