



PRESS RELEASE
For Immediate Release

July 17, 2017

Media Contact

Dominic Manecke
202.225.4324 (o)
202.302.3065 (m)
Dominic.Manecke@mail.house.gov

Congresswoman Beatty Calls on HUD Secretary Carson to Lower FHA Mortgage Insurance Premium Rates

Leads effort to remove barriers to homeownership

WASHINGTON, D.C. – This week, U.S. Congresswoman Joyce Beatty (OH-03) spearheaded a letter—joined by 20 Democratic Members of Congress—calling on Department of Housing and Urban Development (HUD) Secretary Ben Carson to lower the Federal Housing Administration’s (FHA) annual Mortgage Insurance Premium (MIP) rates by 25 basis points.

“Homeownership is the cornerstone of the American Dream,” Beatty said. “Unfortunately, as a result of the 2008 Financial Crisis, homeownership is out-of-reach for far too many families, especially millennials and minorities.” Beatty continued, “Lowering the FHA MIP rates, at a time when homeownership rates are at a 50-year low, will remove unnecessary financial barriers, making homeownership a reality for more Americans and helping more lower- and middle-income families build wealth at the same time.”

Under the Obama Administration, former HUD Secretary Julián Castro announced that FHA MIP rates would be reduced in an effort to spur greater homeownership and ease financial constraints on homeowners. However, on January 20, 2017—President Trump’s first day in office—the Trump Administration abruptly reversed course, suspending Castro’s decision citing the need for “more analysis and research...to assess future adjustments.” More than six months later, HUD has yet to announce a final decision.

According to the National Association of Realtors, the Trump Administration’s move will cost 750,000 to 800,000 homeowners hundreds of dollars and will exclude an additional 30,000 to 40,000 prospective homebuyers from realizing their dream of homeownership in 2017 alone.

A copy of letter is below.

Dear Secretary Carson,

For many families across this country, homeownership is the cornerstone of achieving their American Dream. It has proven to be one of the most effective ways for lower- and middle-income families to build wealth. We know that the Federal Housing Administration (FHA) has been the main lender of choice for many first-time homeowners and has allowed them to live out this dream. However, as a result of the

2008 Financial Crisis, homeownership is still out-of-reach for far too many American families, especially millennials and minorities. We respectfully request you lower the FHA's annual Mortgage Insurance Premium (MIP) rates by 25 basis points due to historically low homeownership rates and the strength of the FHA's Mutual Mortgage Insurance Fund (MMIF).

As you are well aware, on January 20th, 2017, the General Deputy Assistant Secretary for Housing at the U.S. Department of Housing and Urban Development (HUD), Genger Charles, issued a Mortgagee Letter that suspended the decision of former HUD Secretary Julián Castro to reduce the FHA's annual MIP rates by 25 basis points, citing the need for "more analysis and research...to assess future adjustments." According to the National Association of Realtors, this decision will cost 750,000 to 850,000 homebuyers hundreds of dollars and exclude 30,000 to 40,000 prospective homebuyers from realizing their dream of homeownership in 2017 alone. With homeownership rates already at a 50 year low, it is critically important that we make every effort to remove unnecessary barriers instead of making it even more difficult for homeownership to become a reality.

According to HUD's "Annual Report to Congress Regarding the Financial Status of the Mutual Mortgage Insurance Fund Fiscal Year 2016," the MMIF's capital ratio stands at 2.32%, which far exceeds its congressionally-mandated level, and a 3.28% capital ratio for single-family forward loans. The financial strength of the FHA's MMIF cannot be denied. In fact, it is a testament to the strength of the housing recovery and the effort by HUD to make affordable loans available to homeowners, while at the same time, preserving the quality of the loan standards within the FHA's MMIF portfolio. This is all the more reason to lower the annual MIP rates by 25 basis points, and thus expand the pool of first-time homebuyers.

As you continue to analyze and review your decision as to whether or not to lower the annual MIP rates, we implore you to consider the following: the financial strength of the MMIF, historically low homeownership rates and the potential impacts on the economy. As you publicly stated last month, homeownership "is the foundation of the economy, the spark for vast investment, lending and finance." The time to ease the financial burdens on homeowners and prospective homeowners trying to realize their American dream has long since passed and the time to lower the annual MIP rates is now.

Sincerely,

Joyce Beatty
Michael Capuano
Emanuel Cleaver
John Conyers, Jr.
Charlie Crist
John K. Delaney
Keith Ellison
Dwight Evans
Vincente Gonzalez
Al Green
Marcy Kaptur

Ruben Kihuen
Daniel Kildee
Al Lawson
Carolyn Maloney
Gregory Meeks
Ed Perlmutter
Brad Sherman
Eric Swalwell
Juan Vargas
Nydia Velazquez

###

Beatty.House.gov – [Twitter](#) – [YouTube](#) – [Flickr](#) – [Facebook](#) – [Instagram](#)