NATIONAL ASSOCIATION OF REALTORS®

Vince Malta
2020 President

Bob Goldberg
Chief Executive Officer

ADVOCACY GROUP

William E. Malkasian
Chief Advocacy Officer / SVP

Shannon McGahn
SVP Government Affairs

August 24, 2020

The Honorable Mark Calabria
Director
Federal Housing Finance
Agency
400 7th Street, SW
Washington, DC 20219

Dear Director Calabria:

Thank you for your ongoing efforts to support homeowners and the economy during these uncertain times. The FHFA's moratorium on foreclosures and efforts to expand forbearance options and clarity on programs for single family homeowners have provided important housing security during this crisis. Likewise, the FHFA's new program to allow closed loans that qualify for GSE backing, but have entered forbearance prior to purchase by the GSEs, is an important market innovation that must continue.

Anecdotes suggest that the volume of loans in forbearance and eligible for the purchase program are low. However, the option provides important liquidity to the market and reassurance to lenders. For the week ending August 9th, 2020, nearly 55,000 forbearance requests were received by lenders. This is a modest decline from a week earlier, but still a significant figure and call center traffic rose from 7.8% to 7.9%. Given the anticipated rise in COVID-19 cases in the fall and weak economic recovery, this option remains important for homebuyers and lenders exposed to this risk.

Furthermore, credit standards tightened sharply this spring as measured by the mortgage credit availability index (MCAI) published by the Mortgage Bankers Association. That index is down 15.7% from February, but increased 1.4% from June to July in the wake of the FHFA's authorization of this program. It is important to note that tightening is taking place disproportionately on entry-level, middle income, and low and -moderate income buyers and persons of color, undercutting the housing trade-up process. Analysts have argued that the tightening of credit is a greater reflection of liquidity than credit default concerns. The GSE's forbearance purchase program provides a reliable source of liquidity for lenders, moderating originators' concerns and supports access for homebuyers.

Finally, while program uptake has proven small, its impact on lender confidence and overlays is significant. As a result, the FHFA should direct the Enterprises to reduce or eliminate their fees to purchase these mortgages. The Enterprises have $27.8 billion in capital and earned $4.33 billion in the 2nd quarter of 2020. The Enterprises are congressionally

500 New Jersey Ave, NW
Washington, DC 20001-2020
(800) 874-6500
www.nar.realtor

chartered with supporting liquidity in adverse market and eliminating this fee would improve access. REALTORS® ask that you extend the program through the fall and eliminate fees for it. Extending the forbearance purchase program is a critical part of the national response to the pandemic.

Once again, we thank the FHFA for its actions to aid in the pandemic response. However, REALTORS® continue to witness overlays by lenders and uncertainty in the economy that are restricting access to credit for otherwise qualified borrowers. Now is the time to act to support homeowners, renters, homebuyers, workers, and the American economy by extending the forbearance purchase program and eliminating fees associated with it. We appreciate your attention to this issue and look forward to continuing to work together on these important issues. If you have any questions, please contact me or NAR Senior Policy Representative, Ken Fears, at 202-383-1066 or KFears@Nar.Realtor.

Sincerely,

Vince Malta
2020 President, National Association of REALTORS®