



FHA Will Keep Mortgage Insurance Fund Rates Stable

The newly installed Secretary of the Department of Housing and Urban Development (HUD) released her first quarterly report on the agency to Congress on Tuesday. A key point regarded the **Federal Housing Administration's Single Family Mutual Mortgage Insurance (MMI) Fund**. Secretary Marcia L. Fudge said the fund has remained resilient despite the financial challenges faced by homeowners with FHA-insured mortgages in 2020 and the agency has no near-term plans to change MMI's current premium pricing. She explained that the fund stands at more than \$80 billion, still well above the 2 percent minimum capital reserve required.

Through the pandemic, the FHA portfolio has experienced increased levels of seriously delinquent loans and a heightened level of loans in forbearance, but Fudge said HUD has continued to monitor mortgage performance trends within the FHA portfolio, **particularly related to those homeowners who are struggling financially because of the pandemic.**

The Secretary said, "Tens of millions of families have been devastated by this pandemic, and housing has been a critical part of how we keep people safe. The FHA insurance program provides crucial access to credit and homeownership for first-time homebuyers, low-to-moderate income families, and households of color who have been historically underserved. We are committed to an equitable recovery and recognize the unprecedented moment and opportunity for HUD to lead the way."

Among steps taken in recent weeks to assist FHA homeowners struggling because of the pandemic has been an **extension of foreclosure and eviction moratoria through June**, streamlining COVID-19 loss mitigation options, and allowing longer forbearance for borrowers whose plans were expiring.

The Mortgage Bankers Association (MBA) issued a statement in response to Secretary Fudge's announcement. MBA President and CEO Bob Broeksmit said, "MBA commends Secretary Fudge for maintaining FHA's current mortgage insurance premium pricing until we have a clearer picture of the long-term impact of the pandemic on FHA borrowers and the insurance fund. While it is desirable to have lower mortgage financing costs, particularly as rates rise and home prices continue to increase, we agree with HUD that we need more data about how the more than 1 million FHA loans that are delinquent perform as they exit COVID-19-related forbearance."



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