

## Issues With Banning Down Payment Assistance

- H.R. 6694 addresses all of HUD's stated concerns.
- Banning seller funded down payment assistance (SFDPA) will deny 200,000-400,000<sup>1</sup> families the opportunity to purchase a home in 2009.
- Banning SFDPA will take up to 67 billion<sup>2</sup> out of the housing industry in 2009, not to mention the indirect impact on the real estate, mortgage and building sectors that will be forced to shed tens of thousands of jobs.
- FHA now wishes to blame SFDPA for projected losses by using faulty data analysis—it completely failed to control for **ANY** important variables and vastly overstated implied negative effects of SFDPA. Click [HERE](#) for more information.
- Data shows that SDPA has not contributed to overall foreclosure rates. Click [HERE](#) for more information.
- Almost 80% of those using SFDPA participants are minority, female, or first-time homebuyers.
- DPA is used on an estimated 50% of FHA backed mortgages.
- Seller Funded DPAs uses NO tax-payer dollars to fund their programs.
- FHA is financially sound and is projected to make billions of dollars through 2014 even with a high concentration of gift assisted loans and will have a capital ratio at three times the congressionally required amount.
- A GAO study found that 94% DPA homebuyers were successful homeowners.
- DPA makes a significant contribution to the housing economy:

- ✓ 1M } Approximate number of homebuyers using DPA.
- ✓ \$3.8B } Total amount of DPA gifts.
- ✓ \$130B } Mortgages that exist because of DPA.
- ✓ \$11.7B } Approximate amount of real estate and loan commissions generated by DPA transactions.
- ✓ 150,000 } Approximate number of new construction bought because of DPA.
- ✓ \$12.3B } Tax revenue generated to State and local governments by new home construction bought with DPA: 150,000 x \$82,269 (amount in tax revenue generated from an average single family unit).

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<sup>1</sup> In 2002 FHA reported it insured 862,897 purchase loans. Because of attractive alternative financing, FHA's market share dramatically declined until 2007. FHAs market share is now dramatically increasing. Estimates for the number of purchase loans the FHA will insure in 2009 are between 500,000 and 1,000,000. Down payment assistance is used on roughly 40% of FHA's loans, so banning down payment assistance will keep 200,000 to 400,000 families out of a home.

<sup>2</sup> In 2007 the average mortgage for purchase loans was \$134,795.50. Multiplied by 200,000 to 400,000 families who will not be able to purchase a home, you get 27--54 billion in mortgages that will not be written.