

United States House of Representatives  
Committee on Financial Services  
Washington, D.C. 20515

December 21, 2018

Brian D. Montgomery  
Assistant Secretary for Housing – Federal Housing Commissioner  
U.S. Department of Housing and Urban Development  
451 7th Street S.W.,  
Washington, DC 20410

Dear Commissioner Montgomery,

We write to express serious concerns about the Department of Housing and Urban Development's (HUD's) recent reported change<sup>1</sup> in guidance for Federal Housing Administration (FHA) lenders denying access to loans insured by the FHA for recipients on the Deferred Action for Childhood Arrivals (DACA) program. Despite the Ninth Circuit Court of Appeals' decision to uphold a ruling against President Trump's efforts to end the DACA program earlier this year<sup>2</sup>, this Administration appears intent on promoting a hostile environment for young immigrants and their families. As Democratic Members of the House Financial Services Committee – the Committee of jurisdiction over HUD and FHA – we oppose the denial of access to FHA-insured loans for hardworking young individuals who hope to achieve the American Dream of homeownership, including DACA recipients.

Homeownership is one of the most important ways for families in America to build wealth, but for most of our country's history, homeownership was a privilege reserved for the few. In fact, for much of FHA's history, borrowers of color were explicitly denied access to FHA loans and FHA-subsidized housing. Today, FHA is a critical part of our housing finance system that is helping to ensure that access to homeownership is broadly available, but the reported shift in the Administration's policies to deny access to hundreds of thousands of DACA recipients is a harmful step in the wrong direction and is reminiscent of the FHA's dark history of overt discrimination against minority borrowers.

The DACA program includes approximately 800,000 young people who have grown up as Americans, many who speak only English and have little connection with the country where they were born. Brought to America at a young age, these young immigrants have assimilated to the American way of life, sharing the nation's values of hard work, equality, and independence. Like their peers, many DACA recipients aspire to the American dream of homeownership and the low down payment mortgages available under FHA are one of the best ways for first-time homebuyers and low- to moderate-income borrowers to gain access to homeownership. In FY 2018 alone, FHA insured over 1 million forward mortgages that overwhelmingly served first-time homebuyers, low- and moderate-income borrowers, and minority borrowers.<sup>3</sup>

We are also disturbed by HUD's lack of transparency in making what appears to be a substantial shift in its policy without any official guidance or explanation. According to media reports, HUD has quietly

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<sup>1</sup> Hernandez, Dani. "Ask the Underwriter: Why is HUD privately discouraging lenders from making FHA loans to DACA borrowers?" *Housing Wire*, 20 September 2018.

<sup>2</sup> *Regents of the Univ. of CA v. DHS*, D.C. No. 3:17-cv-05211-WHA (9th Cir. 2018), available at: <http://cdn.ca9.uscourts.gov/datastore/general/2018/11/08/18-15068%20Opinion.pdf>

<sup>3</sup> HUD, "Annual Report to Congress Regarding the Financial Status of the FHA Mutual Mortgage Insurance Fund," 2018, available at: <https://www.hud.gov/sites/dfiles/Housing/documents/2018fhaannualreportMMIFund.pdf>

implemented this change in its policy through verbal guidance offered to lenders who are seeking to make FHA-insured loans for DACA recipients.<sup>4</sup> We urge you to reverse this harmful policy and make clear through official guidance that DACA recipients are eligible for FHA loans.

Sincerely,

Arlene Waters

Conor B. Maloney

James C. Hin

Juan Vargas

Denny Heck

Nylin M. Velazquez

Bill Foster

WML NY-5

Erin

Paula Quint

Ed Ricketts

Al Green

Tim Satt

Devin Corder

KSB

<sup>4</sup> Prakash, Nidhi. "The Trump Administration Is Quietly Denying Federal Housing Loans to DACA Recipients." *Buzzfeed News*, 14 December 2018.