

November 19, 2021

Lopa Kolluri, Principal Deputy Assistant Secretary for Housing
Office of Housing / Federal Housing Administration
Department of Housing and Urban Development
451 7th Street SW
Washington, D.C. 20410-8000

RE: Request for Extension of Comment Period for Appendix 8.0 – FHA Defect Taxonomy of the Single Family Housing Policy Handbook 4000.1 (Handbook 4000.1)

Dear Ms. Kolluri:

On behalf of the industries, clients, and communities we represent, we urge HUD to delay by 120 days the December 27, 2021 deadline for comments to the proposed FHA Defect Taxonomy for Servicing Loan Reviews. A significant delay in the deadline is necessary to allow stakeholders and HUD to focus on further policy changes needed to address hardships resulting from the pandemic and to engage with HUD and each other about the proposed taxonomy.

With almost 600,000 FHA-insured loans in seriously delinquent status, HUD, the industry, and advocates must prioritize policies directly relating to avoiding unnecessary foreclosures. The work of reviewing and analyzing how well HUD's policies are effectively providing relief is already stretching thin the resources of industry and advocates. Moreover, HUD still has several outstanding policy proposals that are necessary to further help borrowers in the near term. We must keep our attention and effort on ensuring the best outcomes for FHA-insured borrowers harmed by the pandemic.

The proposed Defect Taxonomy is important for the long-range health of the FHA-insured loan program. We urge HUD to delay the deadline so that we can give the proposal the attention it deserves. Spending time commenting on the taxonomy in the next couple months will take away from pandemic-related work, and we ask HUD to prioritize efforts to avoid foreclosures.

Moreover, in order to better engage with the Defect Taxonomy proposal, we request further engagement with HUD substantially prior to the comment deadline. In particular, we request that HUD meet with us, collectively or individually, so that we can better understand HUD's proposal and the policy goals that HUD seeks to achieve. This meeting would clarify a number of specific questions that we have regarding the structure of HUD's oversight of FHA servicers. We want to ensure that our input is based on an accurate and complete understanding of HUD's procedures.

HUD engaged with stakeholders as it developed earlier taxonomy proposals and we look forward to the opportunity to do the same with the servicing proposal. In addition, industry and advocates need further time to discuss each other's viewpoints and to explore potential points of alignment, which would benefit HUD.

For these reasons, we ask HUD to delay the December 27, 2021 deadline for comments to the proposed FHA Defect Taxonomy for Servicing Loan Reviews by 120 days. We appreciate the continued dialogue and look forward to meeting with you soon.

Sincerely,

Center for Responsible Lending
Housing Policy Council
Mortgage Bankers Association
National Consumer Law Center (on behalf of its low-income clients)
National Fair Housing Alliance
National Housing Conference