

May 14, 2026

The Honorable Scott Turner
Secretary
United States Department of Housing and Urban Development
451 7th St. SW,
Washington, DC 20410

RE: Implementing President Trump’s Executive Order “Promoting Access to Mortgage Credit”

Dear Secretary Turner,

On behalf of the undersigned organizations, we write to express our support for the policy opportunities presented by President Trump’s March 13, 2026, Executive Order “Promoting Access to Mortgage Credit.”¹ Pursuit of the policy goals outlined in the Executive Order, by the U.S. Department of Housing and Urban Development (HUD) and other agencies, has the potential “to improve the availability and affordability of mortgage credit.”

To that end, we request that HUD work to fulfill the directive of Section 6(b) of the Executive Order, which states:

The Secretary of Housing and Urban Development (HUD) and the Secretary of Veterans Affairs (VA) shall consider, as appropriate and consistent with applicable law:

- (i) aligning appraisal standards between the Federal Housing Administration and VA Home Loan Program where risk is comparable;
- (ii) clarifying the distinction in an appraisal inspection between safety and habitability concerns that necessitate pre-closing repairs versus cosmetic concerns; and
- (iii) expanding post-closing repair flexibility.

Our organizations recommend modernizing the FHA collateral valuation process to align it with the collateral valuation standards established by Fannie Mae and Freddie Mac (collectively, the GSEs). We believe this change could streamline the FHA financing process, making it faster and easier for lenders to produce and consumers to obtain an FHA loan.

The most significant change that we urge FHA to make is to adopt the GSE’s property condition standards as a replacement for the FHA Minimum Property Requirements. The GSE’s strong consumer protection standards are associated with the most widely used financing programs in the market. This change alone, which would still clearly protect FHA borrowers

¹ Promoting Access to Mortgage Credit, White House Executive Order, Mar. 13, 2026, <https://www.whitehouse.gov/presidential-actions/2026/03/promoting-access-to-mortgage-credit/>.

from purchasing substandard housing, would have a substantial impact in reducing the friction that can discourage or disrupt access to the FHA home loan program.

Another key opportunity to reduce the friction associated with the FHA home loan program would be to update the Handbook guidance for the Direct Endorsement (DE) Underwriter Program to separate the credit underwriting from the appraisal underwriting experience requirements. Rather than requiring an underwriter to have *both* 3-years of experience in credit **and** appraisal underwriting, FHA should bifurcate the requirement and permit an underwriter to qualify for the program by having *either* credit- **or** property-related underwriting experience. This update would acknowledge that many lenders already employ underwriters with distinct specialization and that it is acceptable to underwrite an FHA loan with expertise from two individuals, rather than one. FHA could continue to allow DE underwriters to perform both credit and collateral underwriting, of course. This change would not diminish the safety and soundness of the program.

FHA could implement this change quickly because it requires no statutory or regulatory changes and no form updates (HUD 92900-A certifications already bifurcate credit and appraisal DE certifications and signatures). An example of how this could be done through a Handbook change can be seen in Appendix A. Best of all, this change would align FHA with other federal lending programs while reducing the barrier for lenders to find qualified underwriters.

Lastly, FHA requires an onerous and outdated post-closing process that includes a costly (often well over \$500 per file) appraisal field review.² Currently, FHA mandates physical field reviews for 10% of quality-control reviewed mortgages. This policy has become outdated. Modern technology now enables lenders to perform rigorous quality checks remotely. Reflecting this shift, the GSEs have replaced the mandatory field review with a desk review baseline, granting lenders the flexibility to order physical inspections only when specific risk factors warrant. The GSE approach allows a lender to utilize modern collateral data sources and risk platforms to build a risk analysis process that is more effective than the outdated use of field reviews. The desk review process for quality control is not only significantly less costly but also reduces the variability and inconsistency often associated with the field review process. For these reasons, FHA should align its appraisal quality control policies, particularly related to field reviews and desk reviews, with the GSEs.

Our organizations view FHA as the nation's flagship program for first-time homebuyers. Aligning the FHA home loan program with conventional financing would improve efficiency and increase the program's effectiveness and appeal.

We look forward to working with HUD to continue to strengthen the FHA home loan program and would welcome the opportunity to meet with you – to the extent possible, jointly—to discuss our recommendations and concerns. Please have your staff contact Matt Douglas at matt.douglas@housingpolicycouncil.org with any questions or to arrange further discussion. Thank you for your consideration.

² FHA Single Family Housing Policy Handbook, HUD 4000.1 II.A.8.f.ii.

Sincerely,

American Bankers Association

America's Credit Unions

Broker Action Coalition

Collateral Risk Network

Community Home Lenders of America

Housing Policy Council

Independent Community Bankers of America

Mortgage Bankers Association

National Association of Mortgage Brokers

Real Estate Valuation Advocacy Association

Attachment A-Bifurcation of Credit and Appraisal Underwriter Experience

Suggested Redlines for Handbook Updates

[FHA Handbook 4000.1](#)

I. Doing Business with FHA

B. Other Participants

3. Direct Endorsement Underwriters

b. Direct Endorsement Underwriter Eligibility (03/14/2016)

i. Eligibility Requirements (pg 84 – pdf 113)

A. Credit

The DE underwriter must meet the following requirements:

- have either a minimum of:
 - ~~three years full-time experience reviewing credit applications and one to~~
 - ~~four-unit property appraisals~~, within the past five years; or
 - ~~two years full-time experience reviewing credit applications and one to four-unit property appraisals~~, within the past three years, combined with an additional three years of such full-time experience within the past ten years; ~~and~~

○

~~A. be a full-time employee of a single Mortgagee; and~~

~~B. be authorized to bind the Mortgagee in matters involving origination of mortgages.~~

Appraisal

The DE underwriter must meet the following requirements

- have either a minimum of:
 - three years experience reviewing one- to four-unit property appraisals within the past five years; or
 - two years experience reviewing one- to four unit property appraisals, within the past three years, combined with an additional three years of such experience within the past ten years

C. Dual

The DE underwriter meets both credit and appraisal requirements, they are eligible for dual DE Underwriter roles.

For all DE Underwriter experience requirements, the DE underwriter must be:

- an employee of a single Mortgagee; and
- authorized to bind the Mortgagee in matters involving origination of mortgages.

c. Mortgagee's Approval Process (03/14/2016) (pg 85 – pdf 114)

The Mortgagee must register each of its underwriters in FHAC. By registering an underwriter in FHAC, the Mortgagee certifies that they meet the necessary qualifications described above and will only perform the review(s) for which they qualify.