



June 26, 2026

Office of Single Family Program Development
U.S. Department of Housing and Urban Development
451 7th Street SW, Room 9007
Washington, D.C. 20410-0500

RE: Request for Information on Single Family Minimum Property Requirements. Docket No. FR-6609-N-01

Dear Director Faux,

Thank you for the opportunity to comment on the Federal Housing Administration’s (FHA) minimum property requirements (MPRs).¹ Since its founding in 1934, FHA has helped over 44 million families become homeowners. Its mortgage insurance program continues to play a critical role in expanding access to sustainable and affordable homeownership, particularly for low-to-moderate income and first-time homebuyers who are often underserved by conventional mortgages. This mission has become increasingly important at a time when homeownership has reached historically unaffordable levels. Today, many first-time homebuyers struggle not only to qualify for a mortgage, but also to secure a home in competitive housing markets.

FHA’s Minimum Property Requirements are an important part of that mission. They help protect both homebuyers and the Mutual Mortgage Insurance Fund by ensuring that homes financed with FHA-insured mortgages meet basic standards for safety, health, and habitability. These consumer protections remain an important feature of the FHA program and should continue to ensure that borrowers — especially first-time homebuyers with limited reserves and homeownership experience — are buying homes that can offer them sustainable homeownership and do not require major, unforeseen repairs shortly after purchase.

¹ “Request for Information Regarding Single Family Minimum Property Requirements (MPR).” U.S. Department of Housing and Urban Development. Federal Register, 91 FR 32078, May 29, 2026. Available at <https://www.federalregister.gov/documents/2026/05/29/2026-10766/request-for-information-regarding-single-family-minimum-property-requirements-mpr>.

However, CFA also believes that aspects of the current MPR framework, and more importantly, widespread misunderstandings surrounding it, have created unnecessary barriers for FHA borrowers. Among home sellers and real estate agents, the perception often persists that FHA-financed transactions are unusually burdensome, likely require extensive repairs, and are prone to delayed or even failed closings compared to conventional financing. Moreover, the MPRs are often colloquially understood as part of the mandatory “FHA inspection”: even though they are done by an FHA-approved appraiser as part of the FHA appraisal.

This comment letter emphasizes that MPRs have become a barrier to FHA homebuyers **in large part because of pervasive myths and misunderstandings that persist around them.** To solve that problem, FHA should prioritize consumer and industry education and improve communications on the exact nature of the MPRs and impacts on closing timelines and transactions.

The Consumer Federation of America offers the following recommendations that would reduce uncertainty around FHA mortgages while preserving important consumer protections:

1. **FHA should publish a plain-language Minimum Property Requirements checklist and reorganize MPR guidance.**

The MPRs have become a hurdle for many FHA homebuyers in part because of widespread misunderstandings about what they actually require. Currently, the only comprehensive description of the MPRs available on HUD’s website is scattered throughout the 1,800-page Single Family Handbook, making these requirements difficult to locate and understand for anyone other than trained FHA professionals and appraisers.² HUD should consolidate and better organize the MPRs within the Handbook.

HUD should also publish a concise, publicly available checklist summarizing the MPRs on its website, in order to provide home sellers, homebuyers, housing counselors, real estate agents, appraisers, and lenders a reliable source of information. This checklist should clearly distinguish between conditions that may require a re-appraisal, conditions that require repair before closing, and routine property characteristics that do not prevent FHA financing. Greater transparency would reduce misconceptions surrounding FHA mortgages and help sellers and real estate agents better understand what to expect when considering offers from FHA borrowers.

2. **FHA should publish regular performance data on closing timelines and outcomes for FHA purchase loans.**

² “Single Family Housing Policy Handbook 4000.1.” U.S. Department of Housing and Urban Development. November 26, 2025. Available at <https://www.hud.gov/hud-partners/single-family-handbook-4000-1>.

HUD should publish quarterly data comparing average closing timelines for FHA and conventional purchase mortgages and include these statistics in FHA’s Annual Report to Congress. To the extent possible, HUD should also publish information on the frequency of appraisal repair conditions, re-appraisals, and common causes of transaction delays.

Proprietary industry data indicates that closing timelines between FHA and conventional purchase loans in reality closely match each other. In 2024, both averaged 46 to 47 days to close.³ Nonetheless, CFA research has found that many real estate agents continue to perceive FHA mortgages as “riskier” and “hard to close”: a perception also documented by the National Association of Realtors.⁴ These misconceptions mean that real estate agents have advised home sellers against taking FHA offers, even if these bids came in the highest.⁵ Greater data transparency on FHA transaction outcomes and closing timelines would help distinguish myths from reality, while improving accountability of the FHA program.

3. FHA should expand opportunities for post-closing repairs for minor deficiencies.

FHA’s Minimum Property Requirements play an important consumer protection role. Around 83 percent of FHA mortgages are first-time homebuyers, who often are not only new to home maintenance but also least financially equipped to cope with major unexpected repairs. Many of the MPRs, such as roof and structural integrity requirements, help ensure that these homebuyers are put on a safe, sustainable path to long-term homeownership and wealth-building: FHA should maintain these consumer protections to best serve its homebuyers.

However, not every property condition warrants delaying a home closing. Where deficiencies do not present an immediate health or safety hazard, FHA should expand opportunities for repairs to be completed after closing through repair escrows and other post-closing repair mechanisms. This approach could apply to smaller deficiencies, such as localized peeling paint, certain handrail repairs, or egress issues that can be resolved through simple modifications. FHA should continue to require pre-closing repairs of significant health, safety, and structural concerns. Providing greater flexibility for minor repairs would reduce unnecessary closing delays and limit repeat appraisals and re-inspections (and their costs). Doing so would also improve the competitiveness of the

³ Purchase loans only. “Mortgage Solutions Software, Support & Education.” ICE Mortgage Technology. 2024. Available at <https://mortgagetechnology.com/index>.

⁴ “Overlooking FHA, VA Offers May Hurt Vulnerable Buyers.” NAR (National Association of Realtors) - Realtor News. May 9, 2023. Available at <https://www.nar.realtor/news/real-estate-news/bias-against-fha-va-loans-hurts-most-vulnerable-buyers>.

⁵ “Outcompeted: Challenges of FHA Buyers in Tight Housing Markets.” By Sharon Cornelissen and Austin Harrison. Consumer Federation of America. August 29, 2024. Available at <https://consumerfed.org/news/reports/outcompeted-challenges-of-fha-buyers-in-tight-housing-markets/>.

FHA program, without compromising the consumer protections that both protect borrowers and the MMIF.

In the remainder of this comment letter, CFA summarizes findings from its 2024 report, *Outcompeted: Challenges of FHA Buyers in Tight Housing Markets*, to illustrate how misunderstandings surrounding FHA's Minimum Property Requirements affect first-time homebuyers in today's housing market.

Research Context: How Myths Surrounding FHA's MPRs Impact Homebuyers

CFA has previously conducted extensive research on the experiences of FHA borrowers in competitive housing markets, particularly during the tight housing conditions of the COVID-19 pandemic (2020-2021). Although these market conditions were unusual, this research documented a problem that remains relevant today. Misconceptions surrounding FHA financing — in particular the appraisal process and Minimum Property Requirements — place FHA borrowers at a competitive disadvantage, even when those perceptions are not supported by the actual requirements of the program.

CFA's research identified three common consumer outcomes associated with these misconceptions:

- **Higher purchase prices.** FHA buyers often felt compelled to submit offers well over asking price in order to offset the perceived disadvantage of FHA financing when compared against cash and conventional offers.
- **More limited housing choices.** As markets got more competitive, FHA buyers increasingly became limited to buying in neighborhoods where sellers and real estate agents were already familiar with FHA financing.
- **Delayed or forgone homeownership.** After repeatedly losing out in bidding competitions, some prospective homebuyers delayed or abandoned their homeownership dreams altogether.

First, in highly competitive housing markets, FHA buyers may feel pressure to compensate for the perceived deficiencies associated with their mortgage by submitting more aggressive offers. In quantitative research conducted in Massachusetts, CFA found that communities with higher shares of FHA buyers also experienced significantly higher levels of overbidding during the pandemic housing market. While many factors influence bidding behavior, overbidding may be their only resort to overcome the stigma of an FHA bid compared to conventional offers, including the stigma of the MPRs and their potential closing delays.

Second, CFA found evidence that FHA borrowers became increasingly concentrated in a smaller number of housing markets during the pandemic. FHA purchase lending disproportionately declined in communities that had historically made little use of FHA financing, while becoming

more concentrated in neighborhoods where sellers and real estate agents were familiar with the product. In Massachusetts, this pattern was particularly pronounced among white FHA borrowers, who prior to the pandemic had been more likely to use FHA mortgages in low-FHA communities. These trends suggest that misconceptions around FHA financing may limit the housing opportunities available to homebuyers.

Finally, facing repeated competitive disadvantages can discourage homeownership altogether. After losing many bidding competitions, some FHA borrowers delayed or abandoned their dreams of homeownership: an outcome that has also been reported in the media.⁶ This trend is particularly worrisome as housing markets are often most competitive in places and at times when homeownership is especially attractive, such as in the highest-opportunity neighborhoods or during periods of low interest rates.

Qualitative Research Findings

CFA's qualitative research provides additional evidence into the ways that misconceptions surrounding FHA financing help drive these broader market trends. Interviews with real estate agents reveal that FHA borrowers are often disadvantaged by sellers' *and* agents' misunderstandings about how the Minimum Property Requirements operate.

Specifically, **many sellers and their real estate agents misunderstood the FHA appraisal process and the scope of Minimum Property Requirements.** Realtors described previous negative experiences with FHA transactions, uncertainty about the appraisal process, and misconceptions about FHA borrowers as important reasons why they — or colleagues — advised sellers against accepting FHA-financed offers.

Agents frequently referred to the FHA appraisal as an "FHA inspection" and expressed concern that it would identify repair requirements that could delay closing or increase seller costs. While some referred to a specific negative experience with an FHA offer in the past, others most vaguely referenced FHA's reputation. Especially in the more affordable markets where most FHA buyers buy, homes are likely to have deferred maintenance issues or be older homes: this makes concerns about potential repair needs particularly pressing. Consequently, agents — especially those with limited FHA experiences — often advised their sellers to go with conventional or cash offers, even *if* an FHA buyer had submitted the highest bid.

Some agents also wrongly believed that sellers are financially liable to make all repairs that come up during the FHA appraisal. The FHA appraisal only evaluates whether a property satisfies FHA's Minimum Property Requirements. It does not prescribe who pays for repairs:

⁶ "More Home Buyers Are Turning to This Type of Mortgage in an Unaffordable Market—But Sometimes It Works Against Them." By Aarthi Swaminathan. MarketWatch. December 12, 2025. Available at <https://www.marketwatch.com/story/more-home-buyers-are-turning-to-this-type-of-mortgage-in-an-unaffordable-market-but-sometimes-it-works-against-them-c88ceb7d>.

instead, this is negotiated between buyers and sellers. Especially in tight housing markets, sellers have a strong advantage during this negotiation.

Conclusion

CFA encourages HUD to preserve the safety and habitability standards that have offered strong consumer protections for its first-time homebuyers and have supported a sustainable Mutual Mortgage Insurance Fund. In this letter, CFA instead recommended that HUD improve public understanding of the MPRs and their scope, increase data transparency around FHA closing timelines and delays, and expand flexibility for minor repairs to be done post-closing. These reforms would directly address longstanding misconceptions surrounding FHA mortgages and the MPRs.

Thank you again for this opportunity to comment on the Minimum Property Requirements.

If you have additional questions or require clarification on this comment, please contact Sharon Cornelissen, PhD, Director of Housing (scornelissen@consumerfed.org).