



Infographic

Costly Midnight Taxpayer Raid

JANUARY 12, 2017

The American Action Forum (@AAF) today released an infographic that examines the effects of the announced cut of Federal Housing Authority (FHA) mortgage insurance premiums. The infographic also illustrates how taxpayers would be on the hook for riskier mortgages as a result of the premium cuts.

[Click here](#) to read the research.

COSTLY MIDNIGHT TAXPAYER RAID



The Federal Housing Authority (FHA) announced a cut to mortgage insurance premiums of:



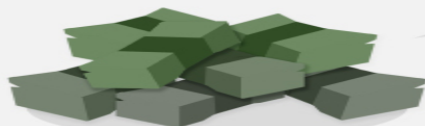
Reducing premiums to below market rates incentivizes the **least-qualified buyers** to use the federal government's services to obtain a mortgage backed by **taxpayers**.



In addition to putting taxpayers on the hook for riskier mortgages, cutting premiums also depletes the **FHA Mutual Mortgage Insurance Fund (MMIF)**.

In FY 2016, the **MMIF** reported:

Reducing premiums by **25 bps** will cause the MMIF to lose:



\$13
BILLION

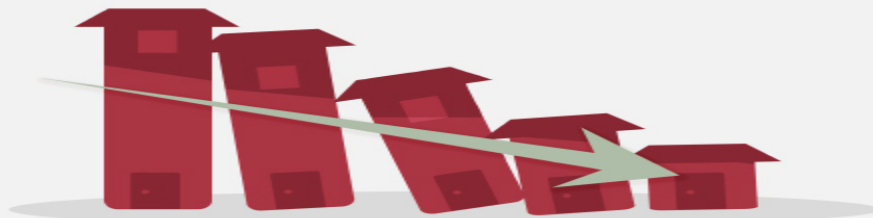
in incoming cash flow



\$32.9
MILLION

annually

Lowering lending standards and expanding government-backed lending to the least-qualified borrowers was one of the major causes of the most recent **financial crisis**.



If the incoming administration wants to avoid a similar crisis, it should take a lesson from history and bring FHA premiums **back up to market levels**.

