

# 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**.