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**Americans for Financial Reform Welcomes Promising Changes to the Federal Housing Administration's Distressed Mortgage Sales**

Americans for Financial Reform (AFR) and many members of our coalition and allies have long pressed for significant changes to the Federal Housing Administration (FHA) sales of distressed mortgages so that the program better serves homeowners and communities, and we welcome yesterday's announcement of a number of promising reforms.

Putting principal reduction first is a good step; it will be extremely important to ensure that servicers actually take it. AFR also appreciates the agency's vow to sell more properties to mission-driven nonprofits, and to more closely coordinate with local governments that have stepped forward with an interest in improving outcomes in their communities. We hope and expect that FHA will reach the 10% goal quickly, and then go considerably beyond it. New requirements that buyers agree not to "walk away" from vacant properties in an effort to cut costs at the expense of neighbors and communities and the commitment to provide more transparency about the performance of sales of distressed mortgages are also valuable.

The changes FHA is putting in place move the program in a better direction, but the job is not yet done. We will be watching to make sure that these policy adjustments are implemented effectively and have the desired impact, and we will continue to urge further needed improvements.

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