Congress of the United States
Washington, DC 20515

November 6, 2025

William J. Pulte
Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20219

Dear Director Pulte,

We appreciate your leadership at the Federal Housing Finance Agency (FHFA) and your commitment to strengthening the housing finance system for American families.

As Members of Congress representing rural states, we are particularly concerned that recent GSE Selling and Servicing Guide updates that formally prohibit Actual Cash Value (ACV) homeowners insurance policies for federally backed mortgages will create significant challenges for the families and lenders we represent. While we understand FHFA's goal of ensuring adequate protection for the Enterprises, we believe this guidance reflects a one-size-fits-all approach that does not align with the realities of our housing markets.

In our states, housing markets are diverse and often not uniform. Many rural homes have modest market values, older construction, and appraised values that fall well below the cost to rebuild. For these families, mandating Replacement Cost Value (RCV) coverage means purchasing insurance that is not consistent with the home's actual market conditions, driving up premiums and reducing affordability. Incomes in rural communities are limited, and even modest increases in insurance costs can make the difference between purchasing a home and being priced out of ownership.

Just as concerning, this guidance raises availability issues. In many rural markets, ACV policies are not only more affordable, but they are often the only policies available. National carriers are already reducing their presence in certain high risk or low population regions, leaving Farm Bureaus and smaller regional insurers as the only viable option for families. These local carriers often provide ACV coverage as a practical, state-regulated solution. Prohibiting those products from eligibility under GSE standards risks cutting off the last viable coverage option for families in our states.

We believe consumers should have access to a range of insurance products that reflect their needs, circumstances, and local markets. By mandating only one product type nationwide, the GSEs limit consumer choice, reduce competition, and impose higher costs on borrowers, particularly those in rural America. This is creating an artificial, unnecessary barrier to home ownership – oftentimes a family's largest and most valuable financial asset.

We respectfully urge you to revisit this guidance to allow ACV policies where permitted under state law and consistent with sound underwriting practices. Doing so will preserve choice, protect affordability, and reflect the diversity of markets across the country while still ensuring the Enterprises remain financially sound.

Sincerely,

Addison P. McDowell
Member of Congress

Chuck Edwards
Member of Congress

Eric A. "Rick" Crawford
Member of Congress

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