



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-1000

ASSISTANT SECRETARY FOR CONGRESSIONAL  
AND INTERGOVERNMENTAL RELATIONS

The Honorable Bernie Sanders  
United States Senate  
Washington, DC 20510-0001

Dear Senator Sanders:

Your office has expressed concerns regarding the Federal Housing Administration's (FHA) policy related to properties subject to excessive noise, specifically airport noise and hazards as potentially generated by military jet aircrafts at the Burlington International Airport in South Burlington, Vermont.

Once a mortgage is endorsed for FHA-insured financing, and barring fraud or misrepresentation by parties to the transaction, subsequent events that were not in existence or publicly planned for at time of loan closing cannot invalidate the mortgage insurance. For instance, in the case of airport noise and related hazards, an endorsed FHA-insured mortgage, secured by a property that is subsequently impacted by excessive levels of airport noise or related hazards of airplanes in a manner that would make the property ineligible if the loan had not been originated, would remain in force.

Chapter 2 of Handbook 4150.2, Valuation Analysis for Home Mortgage Insurance for Single Family One- to Four- Unit Dwellings, available at: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/handbooks/hsg/h/4150.2](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg/h/4150.2) provides the following guidance for new FHA mortgage originations:

- New and proposed construction (one year old or less) is not eligible for FHA-insured financing if the home is located within a Runway Clear Zone (also known as Runway Protection Zone) at a civil airport or within a Clear Zone at a military airfield.
- New and proposed construction located in an Accident Potential Zone 1 at a military airfield may be eligible for FHA-insured financing provided the property is compatible with Department of Defense guidelines.
- Existing construction (more than one year old) located within a Runaway Clear Zone/Clear Zone is eligible for FHA-insured financing provided the prospective purchaser acknowledges awareness that the property is located in such a zone.

FHA does not set maximum acceptable noise levels or standards for 1-to 4-unit single properties which are to be security for an insured mortgage. New and proposed condominium projects are subject to noise standards and mitigation. However, it is the Department's understanding that none of the properties potentially impacted by the airport noise and related hazards affiliated with Burlington International Airport are part of a new or proposed condominium project.

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Some jurisdictions and/or airport authorities have overlay noise zones which prohibit certain types of uses within certain noise zones. Typically, residential uses are not permitted within noise zones with high Day-Night Average Sound Levels. In these cases, FHA would require compliance with the local jurisdiction. In all cases, FHA Roster appraisers are required to note any adverse noise levels and comment upon any impact to the health and safety of the occupants and/or the value and marketability of the property. Adverse noise levels, as reported by the appraiser, are considered on a case-by-case basis by the FHA-approved lender and the feasibility of mitigation, if applicable, is considered before a decision to reject the property is made. The appraiser relies upon generally accepted health and safety standards as a baseline when making a determination of the presence of adverse noise levels and may condition the appraisal upon an assessment by a qualified third party.

In making a determination of diminished marketability and/or value of a property due to adverse noise levels, the appraiser relies upon the actions of the marketplace over time in which the subject would compete. If the source of the noise has not existed for a sufficient period of time for the appraiser to make a market assessment, the appraiser would look to other similar markets which have similarly been exposed to high noise levels.

I hope the information provided is helpful. If I can be of further assistance, please let me know.

Sincerely,



Peter A. Kovar  
Assistant Secretary for Congressional  
and Intergovernmental Relations

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