



October 11, 2017

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
2221 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

On behalf of the Mortgage Bankers Association (MBA), I am writing to provide our commentary on four of the bills scheduled for today's Committee markup.

MBA strongly supports H.R. 2148, the *Clarifying Commercial Real Estate Loans Act*. This legislation would clarify and amend the High Volatility Commercial Real Estate (HVCRE) bank capital rule. As currently written, the rule is not sufficiently clear and triggers HVCRE status (and a 150 percent risk weight) for some acquisition, development and construction (ADC) loans that do not present the elevated credit risk the rule was intended to capture. To address those problems, H.R. 2148 would:

- Clarify the definition of an "HVCRE ADC Loan" (i.e., secured real property ADC loans where repayment is dependent upon future income/sale proceeds of such property)
- Permit banks to count the value of appreciated property toward the borrower's required 15 percent capital contribution
- Permit withdrawal of internally generated capital throughout the life of the project
- Permit withdrawal of contributed capital once the project meets underwriting requirements for permanent financing
- Permit withdrawal of HVCRE classification prior to the end of an ADC loan once the project meets underwriting requirements for permanent financing; and,
- Exempt loans originated prior to January 1, 2015.

MBA also supports H.R. 2954, the *Home Mortgage Disclosure Adjustment Act*, which would appropriately increase the threshold for Home Mortgage Disclosure Act (HMDA) reporting. This exemption would be targeted to very small-volume lenders – both single- and multifamily – for whom the costs of complying with the expanded HMDA data could become prohibitive. As currently written, the HMDA final rule, which becomes effective on January 1, 2018, states lenders must comply with HMDA reporting requirements if they originate 25 or more closed end mortgage loans in each of the preceding two years. This bill would increase that threshold from 25 to 500 originations in each of the preceding two years, and would also make the threshold a statutory – rather than purely regulatory – consideration.

MBA supports the spirit behind the introduction of H.R. 3971, the *Community Institution Mortgage Relief Act*, though we believe that Truth in Lending Act (TILA) regulatory relief should be holistic and address the challenges confronted by all business models as they seek to responsibly lend to creditworthy consumers. Additionally, MBA appreciates the efforts to raise the small servicer threshold from 5,000 to 30,000 loans. This is reflective of the realities of the costs in the servicing market and will allow small mortgage companies, community banks and credit unions the ability to continue to keep their valued customer relationships.

MBA also supports H.R. 1699, the *Preserving Access to Manufactured Housing Act*. This bipartisan legislation would allow more low-balance loans to fit within the cap on points and fees under the Home Ownership and Equity Protection Act (HOEPA) by revising those triggers. This will allow more consumers, particularly on the lower end of the economic spectrum, to gain access to safe and affordable mortgage credit.

As always, thank you for the consideration of the views expressed within this letter. We look forward to continued work together in the coming weeks and months to promote a more competitive and sustainable real estate finance market.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bill Killmer', with a stylized flourish at the end.

Bill Killmer
Senior Vice President, Legislative and Political Affairs

cc: All Members, House Committee on Financial Services