



MORTGAGE BANKERS ASSOCIATION

June 12, 2017

Donald Bice
Associate Director, Office of Budget and Program Analysis
U.S. Department of Agriculture
Jamie L. Whitten Building, Room 101-A
1400 Independence Ave, SW
Washington, D.C. 20250

RE: Improving Customer Service (FR Doc. 2017-10063)

Dear Mr. Bice,

The Mortgage Bankers Association (MBA)¹ appreciates this opportunity to respond to the U.S. Department of Agriculture (USDA; Department) Request for Information (RFI) regarding the proposed reorganization of the Department announced in May 2017.² This proposed reorganization is part of the ongoing review of the Department undertaken to fulfill the principles enumerated in Executive Order 13781, "Comprehensive Plan for Reorganizing the Executive Branch."³

One component of the proposed reorganization would eliminate the position of Under Secretary for Rural Development and place the agencies currently within the purview of this Under Secretary, including the Rural Housing Service (RHS), under the direct oversight of the Secretary of Agriculture. While MBA greatly appreciates the stated

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership; and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,200 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

² USDA, Report to Congress on the Proposed 2017 Reorganization of the Department of Agriculture to Establish an Under Secretary for Trade and Foreign Agricultural Affairs. Available at: <https://www.usda.gov/sites/default/files/documents/report-proposed-2017-reorg-usda-under-secretary-trade-foreign-agricultural-affairs.pdf>.

³ The White House, Presidential Executive Order on a Comprehensive Plan for Reorganizing the Executive Branch. Available at: <https://www.whitehouse.gov/the-press-office/2017/03/13/presidential-executive-order-comprehensive-plan-reorganizing-executive>.

intention of this proposal to elevate the stature of the RHS, we are concerned that, in practice, such a change could diminish its influence both within the Department and with outside stakeholders, making it more difficult for the RHS to effectively carry out its vital mission.

Rural communities in the United States face unique struggles in developing and maintaining safe, high-quality, affordable housing. In many rural areas, the more limited availability of certain financial products, including mortgages, only exacerbates the negative effects of unemployment and poverty rates that are persistently higher than national averages.

One example of the potential drawbacks to the proposed reorganization is the prioritization of the RHS within the Department. The lack of a dedicated Under Secretary overseeing the RHS would likely cause it to be underrepresented in the policy planning processes at the most senior levels of the Department. In such a scenario, the Secretary and other Department leaders would be deprived of a valuable resource with expertise in the intricacies of the housing finance system. And while RHS officials may have direct access to the Secretary, it is unclear that they would have the frequency of access to, and communication with, the Secretary as do Under Secretaries representing other parts of the Department. In most federal departments, Under Secretaries serve as top advisors to their respective Secretaries; without a dedicated Under Secretary, and with competing interests in the Department seeking limited resources, it is unlikely that the RHS will be appropriately prioritized by the USDA moving forward.

The lack of a dedicated Under Secretary with housing expertise would also likely have negative effects on the RHS' relationships with outside stakeholders. The loss of an important public representative for the agency could harm certain outreach efforts, including those related to educating the public and rural communities that could benefit from RHS programs and services. The Under Secretary for Rural Development also serves as an important liaison to Congress, particularly when representing the agency during congressional hearings. Because Congress determines RHS funding levels and provides authorization for RHS programs and services, without an Under Secretary overseeing the agency, the RHS would be left without a key voice to further its interests and operations.

Finally, if the proposed reorganization is implemented, MBA urges the USDA to abide by the public commitment of Secretary Perdue to elevate the RHS and maintain regular, direct communication with RHS officials.⁴ Further, we urge the USDA to ensure that the RHS is provided with the necessary resources, including appropriate funding and staffing levels, to continue carrying out its programs and services in a high-quality manner.

⁴ For example, in a May 11 press release, Secretary Perdue states: "It is my commitment to always argue for the needs of rural America, which is why we are elevating Rural Development within USDA...No doubt, the opportunity we have here at the USDA in rural development is unmatched." USDA, Secretary Perdue Announces Creation of Undersecretary for Trade. Available at: <https://www.usda.gov/media/press-releases/2017/05/11/secretary-perdue-announces-creation-undersecretary-trade>.

MBA greatly appreciates the opportunity to respond to the proposed reorganization of the USDA. We also appreciate the supportive public statements that the Administration has made with respect to the RHS, and we look forward to a working with the USDA to find ways to strengthen the RHS and help it better serve its critical mission. Should you have questions or wish to discuss these comments, please contact Tamara King, Vice President of Residential Policy and Member Engagement, at (202) 557-2758 or tking@mba.org or Dan Fichtler, Associate Director of Secondary and Capital Markets, at (202) 557-2780 or dfichtler@mba.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Pete Mills". The signature is fluid and cursive, with a large initial "P" and "M".

Pete Mills
Senior Vice President
Residential Policy and Member Engagement