



September 19, 2019

The Honorable Richard Shelby
Chairman
Senate Committee on Appropriations
S-128, The Capitol
Washington, D.C. 20510

The Honorable Patrick Leahy
Vice Chairman
Senate Committee on Appropriations
S-128, The Capitol
Washington, D.C. 20510

The Honorable Susan Collins
Chairman
Subcommittee on Transportation, Housing,
and Urban Development
Senate Committee on Appropriations
142 Dirksen Senator Office Building
Washington, D.C. 20510

The Honorable Jack Reed
Ranking Member
Subcommittee on Transportation, Housing,
and Urban Development
Senate Committee on Appropriations
142 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Shelby, Vice Chairman Leahy, Chairman Collins, and Ranking Member Reed:

On behalf of the Mortgage Bankers Association (MBA), I am writing to share our views on the real estate finance industry's priorities within the Transportation, Housing and Urban Development (T-HUD) appropriations bill for fiscal year (FY) 2020.

MBA continues to staunchly support providing the Federal Housing Administration (FHA) with the resources, both in staffing and systems upgrades, it needs. While MBA commended the T-HUD Subcommittee and full Committee for including funding for HUD's overall technology needs within its FY 2019 spending bill, we continue to support the overall efforts to accelerate IT modernization and maximize the impact to the public and return on investment to taxpayers. Given the scope of need to modernize the decades-old IT infrastructure at FHA, additional ongoing appropriations or set-asides of at least \$20 million from the HUD IT Fund for FHA systems improvements are again warranted for FY 2020.

Beyond funding levels, MBA has been a long-time proponent of potential improvements to FHA's IT systems that would allow the agency to better manage the risks to its Mutual Mortgage Insurance (MMI) Fund. Additionally, MBA is pleased that FHA has proposed significant revisions to its annual and loan-level certifications and a new version of its defect taxonomy for stakeholder review and feedback. These updates will provide lenders with greater certainty regarding loan review – and, in doing so, expand access to credit for low- to moderate-income homebuyers.

As it pertains to Ginnie Mae, MBA supports increasing funding for staffing, training, and technology needs. MBA believes that Ginnie Mae's full request for \$28.4 billion for these purposes is an appropriate level of funding. Given Ginnie Mae's role in providing liquidity targeted to low- and moderate-income families, first-time homebuyers, renters, veterans, and rural households, this funding level is necessary to prudently manage the increased loan volume in the single-family and multifamily mortgage markets. In addition, in recent years, market share for FHA, VA, and Rural Housing Service single-family lending has continued to shift towards a more diversified base of smaller lenders. MBA believes that this is a positive trend for Ginnie Mae that reduces concentration

risks in the program, but cautions that it may require increased oversight or funding in the near future to support Ginnie Mae's counterparty risk management of the expanded issuer base.

With respect to FHA's multifamily and healthcare finance programs, we ask the Committee to continue to include \$30 billion in commitment authority for the General and Special Risk Insurance (GI/SRI) Fund in its FY 2020 proposal, as well as adequate funding for rental assistance, particularly Section 8 Project Based Rental Assistance. Together, these programs allow private sector lenders to continue to finance workforce and affordable apartments and residential healthcare facilities that serve millions of Americans.

Relative to another multifamily issue, and by way of background, Congress established a protection for the government with regard to financing FHA multifamily loans through Ginnie Mae by providing a statutory prohibition on the use of Ginnie Mae securitizations in HUD's risk sharing programs, also known as Sections 542 (b) and (c), by Housing Finance Agencies (HFAs). MBA strongly supports retaining this safeguard.

MBA once again asks that the full Committee mark maintain the prohibition on federal funds being used to facilitate eminent domain seizures of performing mortgage loans. By enacting this prohibition for the past five fiscal years, Congress was able to defuse this threat. If the ban is not renewed, the threat posed by these schemes may return. If so, the introduction of this new risk to the housing finance system would severely impact the return of private capital to our markets, and would undermine any congressional efforts to successfully transition to a new housing finance system.

Funding for housing and homeownership counseling is also a priority for MBA, and we urge the Committee to provide \$60 million for this purpose. These funds are critical to assisting homeowners facing foreclosure, helping first-time homebuyers navigate the challenges of the purchase process, and counseling for reverse mortgages (a program requirement) for seniors, a traditionally high-risk group for financial fraud.

Thank you for your work regarding this critical set of housing issues in the midst of a difficult budget environment. We look forward to working with you as this legislation moves through Committee and to the Senate floor.

Best regards,



Bill Killmer
Senior Vice President, Legislative & Political Affairs

cc: All Members, Senate Committee on Appropriations