



October 29, 2019

The Honorable Mitch McConnell
Majority Leader
United States Senate
S-230, The Capitol
Washington, D.C. 20510

The Honorable Chuck Schumer
Minority Leader
United States Capitol
S-221, The Capitol
Washington, D.C. 20510

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

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

Dear Leader McConnell, Minority Leader Schumer, Chairman Shelby, and Vice Chairman Leahy:

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. 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. 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, MBA supports the Senate's inclusion of \$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 thanks the Senate for including 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 thank the Senate for providing \$45 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.

Additionally, MBA would like to thank Senators Todd Young and Cory Gardner for offering an amendment to create a task force on the impact of the affordable housing crisis. The affordable housing task force envisioned in the amendment will evaluate and quantify the effect of housing costs on other government programs and provide recommendations to Congress on how to increase affordable housing options. MBA is pleased to support this amendment. The lack of affordable housing presents significant challenges to families across the country. In June of this year, MBA launched a new strategic initiative to help develop stronger and more effective affordable housing partnerships in both the policy and business arenas. The objective of these partnerships will be to promote more sustainable, affordable homes for purchase and rental for underserved people and communities, especially minorities and low-to-moderate-income Americans. MBA will continue to explore how the lending community can better partner with public, private, and nonprofit stakeholders to ensure more Americans have access to homes they can afford.

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 conference negotiations.

Best regards,



Bill Killmer
Senior Vice President, Legislative & Political Affairs