The Mortgage Bankers Association (MBA) is committed to working with policy makers to strengthen the commercial and multifamily real estate finance system. The $3.3 trillion dollar commercial/multifamily real estate finance market is an essential and integral part of the national economy that provides the financing for properties that house the nation’s businesses and for multifamily rental housing in which 19 million households reside.
Strengthen Capital Formation and Liquidity in Commercial/Multifamily Real Estate

**TAX REFORM IMPLEMENTATION**

Stable, consistent and predictable tax policies that promote long-term economic growth are fundamental to efficient capital availability. We strongly support laws that strengthen the commercial real estate market. With the Tax Cuts and Jobs Act having included many MBA priorities, we urge regulators to issue guidance that supports the commercial real estate finance market, including guidance that supports a level playing field for mortgage banking companies that are organized as pass-through entities.

**ROLE OF MORTGAGE BANKERS**

Mortgage Bankers, who work with a range of capital sources to facilitate the loan execution that best meets the needs of their clients, enable the efficient delivery of financing to the real estate market and to a variety of property types. Mortgage Bankers perform this vital role throughout the economic cycle and for borrowers in virtually all locations and markets. MBA supports legislative and regulatory initiatives that facilitate this intermediary role.

**CREF ECOSYSTEM**

The commercial real estate finance ecosystem fosters investment in commercial real estate, distributes investment risk and returns and reduces the cost of acquiring, constructing and maintaining properties. Actions and decisions by policymakers should recognize the interplay among capital sources that finance commercial/multifamily real estate, including construction lending. Policies should enable willing capital sources to step in when market disruptions occur, and provide appropriate government roles, e.g., through the National Flood Insurance Program (NFIP). MBA also strongly supports the long-term reauthorization of the Terrorism Risk Insurance Act (TRIA) to support commercial real estate and the nation’s economy against acts of terrorism.

**Strengthen Portfolio Lending on Commercial Real Estate**

MBA supports a regulatory framework for life insurance companies, banks and finance companies that attracts capital to the real estate markets, promotes the efficient allocation of capital within institutions and strengthens sound risk management practices in ways that do not unnecessarily stifle real estate lending.

**LIFE INSURANCE COMPANIES**

MBA is actively working with the National Association of Insurance Commissioners (NAIC) on developing appropriate risk-based capital rules for equity holdings. MBA also seeks to preserve the NAIC’s regulatory capital regime for CRE mortgages to support life companies’ investment portfolios. In addition, MBA supports the state-based model for insurance regulation and appropriate reductions to the federal regulation of insurance, including SIFI designation and regulation.

**BANK PORTFOLIO LENDING**

MBA supports policies that enhance banks’ ability to lend in local communities and that promote balanced regulatory and examination regimes. We recommend that banking regulators use a transparent and flexible examination approach that avoids a one-size-fits-all methodology. MBA also advocates regulatory implementation of the legislative changes to the High Volatility Commercial Real Estate (HVCRE) rule that provides all of the clarity and relief Congress intended. We advocate for modifications or the indefinite delay to U.S. implementation of various proposals issued by the Basel Committee, such as the Net Stable Funding Ratio, that presents concerns to the industry.

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**SUMMARY OF COMMERCIAL/MULTIFAMILY POLICY PRIORITIES**
Support the Multifamily Rental Housing Finance Market

MBA underscores the importance of the multifamily rental market as a critical source of housing, and the importance of recognizing the unique attributes of multifamily housing finance as well as the need for liquidity in all market cycles and a broad range of capital sources.

GSE MULTIFAMILY POLICY

In the context of multifamily housing finance and GSE reform, MBA will continue to advocate for legislative or administrative reform that is consistent with these principles as well as the important role of private capital and competition in financing multifamily housing. Given the strong diversification of capital sources in multifamily finance at this time, MBA will encourage policymakers to continue to support GSE multifamily activities that facilitate liquidity and long-term stability for workforce rental housing, monitor ongoing market dynamics and support transparent and reasonable multifamily volume targets that help to manage market disruption while promoting the role of private-market capital.

MBA will engage with policymakers to develop GSE-related policies intended to support affordable housing and underserved markets while emphasizing that multifamily housing, by its very nature, tends to be affordable, and support of the broad multifamily housing market is essential to families of modest incomes.

FHA MULTIFAMILY AND HEALTHCARE PROGRAMS

MBA will advocate for: (1) stable and sufficient resources at FHA, including commitment authority, to support both workforce and affordable rental housing; (2) mitigation of regulatory barriers to financing, such as highly-disruptive interpretations of Davis-Bacon wage rates; (3) continued organizational transformation of HUD operations, with opportunity for ongoing industry input; (4) flexibility in HUD underwriting, production and asset management to reflect the competitive multifamily landscape; and (5) improving HUD’s technology infrastructure, including its CNA e-Tool.

Strengthen the Capital Markets Supporting Commercial Real Estate

MBA supports the continued role of the commercial mortgage-backed securities (CMBS) market as an important source of private capital. Essential to the future of CMBS is clear regulation of the securitization markets. In light of its detrimental impact on market liquidity of CMBS instruments, we have concerns with the Volcker Rule, both in its current form as well as proposed revisions. We are also concerned about the potential adverse impacts of the Basel committee’s Fundamental Review of the Trading Book proposal. MBA also recommends significant modification to or indefinite delay of implementation of the Step-in Risk proposal affecting securitization vehicles. In addition, we would support a no-action-type process for determining the application of risk-retention rules where they are unclear.

Promote Regulatory Clarity to Facilitate Compliance and to Leverage Technology

MBA will seek greater clarity in applicable regulatory regimes to strengthen investor and counterparty confidence, improve process efficiencies and support commercial real estate servicing. MBA will assist members in compliance efforts on these and other federal regulatory matters.

Regulations governing finance should be narrowly tailored and construed based on their underlying public policy purposes and common-sense construction. For example, the Home Mortgage Disclosure Act (HMDA) rule, administered by the Consumer Financial Protection Bureau, should not apply to business-to-business loans secured by multifamily properties. Similarly, the scope and applicability of the National Flood Insurance Program should be revised to better align with commercial real estate finance practices.

MBA will assist members in compliance efforts on these and other federal regulatory matters, as well as state law issues, including through MBA’s annually updated State-by-State Licensing Resource and initiatives focused on significant state ballot initiatives such as efforts similar to California’s 2018 Proposition 10.

Finally, MBA will seek regulatory clarity where necessary on evolving technologies that may significantly affect elements of commercial real estate finance and seek to support innovation and investment in emerging technologies with transformative potential on commercial real estate.

FOR MORE INFORMATION VISIT MBA.ORG OR CALL (202) 557-2700
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SUMMARY OF COMMERCIAL/MULTIFAMILY POLICY PRIORITIES