MBa
MORTGAGE BANKERS ASSOCIATION

January 10, 2019

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
H-232, The Capitol
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
H-204, The Capitol
Washington, D.C. 20510

The Honorable Nita Lowey
Chairwoman
House Committee on Appropriations
2365 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Kay Granger
Ranking Member
House Committee on Appropriations
1026 Longworth House Office Building
Washington, D.C. 20515

Dear Speaker Pelosi, Leader McCarthy, Chairwoman Lowey, and Ranking Member Granger:

On behalf of the Mortgage Bankers Association (MBA), I am writing to share our views on the real estate finance industry's priorities within H.R. 267, the Transportation, Housing and Urban Development (T-HUD) appropriations bill for fiscal year FY2019 to be debated today.

MBA continues to staunchly support providing the Federal Housing Administration (FHA) with the resources, both in staffing and systems upgrades, it needs. While we applaud the bill's inclusion of $130 million for administrative contract expenses for FHA, we continue to support HUD's original budgetary request for $150 million for this purpose. In April 2018 House testimony, then-General Deputy Assistant Secretary for Housing Dana Wade stated that an additional $20 million could be utilized to support the much-needed modernization of Single Family information technology (IT) systems. We agree that given the scope of need to modernize the decades-old IT infrastructure at FHA, additional ongoing appropriations or set-asides from the HUD Information Technology Fund (ITF) for FHA systems improvements are warranted.

Consequently, we were pleased last year when the full Senate passed funding legislation that recognized that need and included $280 million for the ITF within HUD. That prior Senate-passed bill also recognized the need to specifically allocate an additional $20 million in funding to IT infrastructure upgrades and included report language to support the use of these funds to improve FHA IT infrastructure. We applauded the recognition of the need at that time to provide necessary funding to improve single-family insured mortgage processing and delivery along with asset management and claims systems, and therefore appreciate H.R. 267's attempt to offer similar clarity regarding the IT modernization needs at FHA.

MBA further supports the commitment to adequately funding Ginnie Mae's staffing, training, and technology needs with an appropriation of $27 million. Given Ginnie stated 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

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a more diversified base of smaller lenders. MBA believes this to be a positive trend for Ginnie that reduces concentration risks in the program, but cautions it may require increased oversight or funding in the near future to support Ginnie counterparty risk management of the expanded issuer base.

With respect to FHA's multifamily and healthcare finance programs, we agree with the recommendation to once again provide $30 billion in commitment authority for the General and Special Risk Insurance (GI/SRI) Fund in FY 2019, as well as adequate funding for rental assistance, particularly Section 8 Project Based Rental Assistance. Together, these programs permit 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 prohibition and safeguard.

MBA also commends the bill's inclusion of language to maintain the prohibition on federal funds being used to facilitate eminent domain seizures of performing mortgage loans. By enacting this prohibition for the past four fiscal years, Congress was able to defuse this threat. If the ban is not renewed, the threat posed by these schemes would undoubtedly return. 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 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 appreciate the bill's inclusion of the full $45 million requested 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 challenging budget environment. We look forward to continuing to work with you on a bipartisan basis on this legislation as it advances this year.

Best regards,

Bill Killmer
Senior Vice President, Legislative & Political Affairs

cc: The Honorable David Price, Chairman, House Appropriations Subcommittee on Transportation and Housing and Urban Development

The Honorable Mario Diaz-Balart, Ranking Member, House Appropriations Subcommittee on Transportation and Housing and Urban Development