



MORTGAGE BANKERS ASSOCIATION

October 29, 2019

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
U.S. House of Representatives
2221 Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of the Mortgage Bankers Association (MBA), I am writing to express our views on one of the several bills that will be considered and marked up by the Committee on Financial Services today, and on subsequent days as necessary.

MBA applauds your joint leadership in crafting bipartisan legislation that would ensure a long-term reauthorization of the Terrorism Risk Insurance Program. Specifically, MBA supports H.R. 4634 as amended, which was introduced by Chairwoman Waters and is currently supported by 45 cosponsors. We would urge the Committee and full House to pass this legislation as quickly as possible.

This amended language within H.R. 4634 provides certainty to a broad range of entities who rely upon this critical program by extending it for seven years, as well as taking two measured steps to modernize the initiative:

- Requiring ongoing analysis of insurance availability and affordability for places of worship; and,
- A forward-looking study to be conducted within six months on the potential effects and costs of cyber terror threats, which have emerged as a significant concern since the program's most recent reauthorization.

MBA is the only national association representing all segments of the real estate finance industry—an industry that employs more than 280,000 people throughout the country. In particular, the members of MBA provide the vast majority of commercial real estate mortgages in the U.S. The importance of the Terrorism Risk Insurance Act (TRIA) of 2002 and subsequent reauthorizations to the American economy is directly relevant to MBA's membership. MBA is also part of the Coalition to Insure Against Terrorism (CIAT). CIAT represents a wide range of businesses and organizations throughout the transportation, real estate, manufacturing, construction, entertainment, and retail sectors in support of reauthorizing TRIA well in advance of its expiration.

A long-term extension of TRIA is vital to the health of the commercial and multifamily real estate finance sector and the nation as a whole. With \$3.4 trillion in total mortgage debt outstanding, the commercial/multifamily real estate finance sector is a large and integral part of the national economy. This finance sector includes commercial banks, life insurance companies, Fannie Mae, Freddie Mac, the Federal Housing Administration, commercial mortgage-backed securities

(CMBS), debt funds and other institutional sources of capital. Debt capital provided by these various capital sources finances the vast majority of office, retail, industrial and multifamily rental properties that are spread across the fabric of the nation. These buildings house the businesses that are the engines for the nation's vibrant and diverse economy.

Over the past several years, commercial mortgage loans have performed extremely well. The absence of available and affordable terrorism risk insurance, however, would negatively impact the commercial real estate finance sector and would ripple through the economy as buildings became more difficult and costly to finance and purchase.

The uninterrupted continuation of TRIA is critical. The private sector still cannot supply adequate terrorism coverage without a federal backstop. That is, despite positive developments over the last 17 years, a sustainable private reinsurance market for terrorism coverage has not fully emerged. A long-term solution for terrorism insurance coverage is therefore a crucial issue for MBA's members, especially servicers whose functions include receipt of insurance and mortgage payments, customer service, escrow administration, investor accounting, collections, and foreclosures, as well as ensuring that properties have necessary insurance coverage in place. MBA's members hold the single largest share of real estate debt outstanding in all markets and bear the lion's share of the financial risk associated with property damage or destruction.

MBA commends the committee for understanding that TRIA and its reauthorizations have been a success in maintaining stable and affordable terrorism risk insurance for commercial real estate and multifamily properties. We are pleased that the Financial Services Committee is making TRIA reauthorization such a prominent bipartisan priority.

As always, thank you for the consideration of the views expressed within this letter. MBA stands ready to support this Committee and the entire Congress as you consider this seven year extension of the TRIA program. We look forward to our continued work together to promote a more competitive and sustainable real estate finance market in the United States.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Killmer". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Bill Killmer
Senior Vice President, Legislative and Political Affairs

cc: All Members: Committee on Financial Services