



MORTGAGE BANKERS ASSOCIATION

April 19, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, D.C. 20515

RE: H.R. 1395, the Housing Financial Literacy Act of 2021, and H.R. 1532, the Improving FHA Support for Small Dollar Mortgages Act 2021

Dear Speaker Pelosi and Leader McCarthy:

On behalf of the Mortgage Bankers Association (MBA)¹, I am writing to share our views regarding two bills scheduled to be considered by the House under suspension of the rules today: the *Housing Financial Literacy Act of 2021* (H.R. 1395), and the *Improving FHA Support for Small Dollar Mortgages Act of 2021* (H.R. 1532).

H.R. 1395, as introduced by Rep. Joyce Beatty (D-OH) on a bipartisan basis with Rep. Steve Stivers (R-OH), would require the Department of Housing and Urban Development (HUD) to discount mortgage insurance premium payments for those first-time homebuyers that complete a HUD-approved housing counseling program prior to completing the purchase of a home.

MBA has long advocated for increased access to housing counseling as a means to provide a more positive experience for first-time homebuyers unfamiliar with the homeownership process, as well as for other underserved communities. MBA has also consistently supported the essential need for the Federal Housing Administration's (FHA) counter-cyclical single-family mortgage insurance programs, which are supported by the Mutual Mortgage Insurance (MMI) Fund. A sound MMI Fund is the foundation of a sustainable and accessible FHA program, making the prudence and stability of FHA's premium structure of key importance to our members.

While MBA conceptually supports the goals of this bill, including improving financial literacy and making home ownership more attainable, MBA also recommends that any legislative change to FHA's premium structure maintain HUD's discretion to set insurance premiums that are consistent with actuarial evidence accepted by HUD.

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 330,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 1,700 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

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MBA also supports passage of H.R. 1532, as introduced by Rep. Rashida Tlaib (D-MI). The bill directs the FHA to examine its single-family mortgage insurance policies and identify barriers that restrict access to mortgages of \$70,000 or less.

The proposal's congressional findings cite an Urban Institute study that found small dollar mortgage applications were denied at higher rates, which could not be fully explained by the differences in applicants' credit profiles. Rather, the study highlighted high origination and servicing costs, as well as risk aversion since the financial crisis, as factors that make small dollar mortgages more difficult to originate in a financially prudent way. Requiring FHA to examine how it can streamline its regulations to make the small dollar mortgage market more efficient and accessible is an important step forward for potential home buyers.

Thank you in advance for your consideration of the views expressed within this letter. MBA stands ready to serve as a resource to you, your offices, and your colleagues in the coming days, weeks, and months.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Killmer", with a long horizontal flourish extending to the right.

Bill Killmer
Senior Vice President
Legislative and Political Affairs

cc: The Honorable Maxine Waters
The Honorable Patrick McHenry
The Honorable Joyce Beatty
The Honorable Steve Stivers
The Honorable Rashida Tlaib

All Members, U.S. House of Representatives