



MORTGAGE BANKERS ASSOCIATION

July 9, 2019

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232, United States Capitol Building
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204, United States Capitol Building
Washington, DC 20515

Dear Speaker Pelosi and Leader McCarthy:

On behalf of the Mortgage Bankers Association (MBA), I am writing to once again share our views regarding two bills scheduled to be considered by the House under suspension of the rules today: the *Protecting Affordable Mortgages for Veterans Act of 2019* (H.R. 1988, as amended), and the *Housing Financial Literacy Act of 2019* (H.R. 2162, as amended).

MBA strongly supports H.R. 1988, which was introduced in the House on a bipartisan basis by Representatives David Scott (D-GA), Lee Zeldin (R-NY), Mike Levin (D-CA) and Andy Barr (R-KY). This legislation was reported favorably by voice vote from both the House Committee on Financial Services and the House Committee on Veterans' Affairs in May. The full Senate passed a companion proposal, S. 1749, by voice vote in June.

As you know, the *Economic Growth, Regulatory Relief, and Consumer Protection Act* (Public Law 115-174) was signed by President Donald J. Trump last May. Among the many provisions contained within the legislation as enacted, Section 309, entitled "Protecting Veterans from Predatory Lending," sought to address the problem of mortgage loan churning targeted at service members and veterans. This section instituted new requirements that refinanced loans must meet in order to be eligible for a guaranty by the Department of Veterans Affairs (VA), as well as for Ginnie Mae pooling.

MBA has consistently supported the purpose of Section 309(a) of Public Law 115-174, which provides the new requirements that must be met for a refinanced loan to obtain a VA guaranty. Among the new requirements is a seasoning of the initial loan for at least 210 days, combined with at least six monthly payments by the borrower.

The calculation of the 210-day seasoning period in Section 309(a), however, deviated from well-understood seasoning requirements already in place through directives issued by Ginnie Mae. The new requirements of Section 309(a) begin the seasoning period on the date on which the first payment *is made* by the borrower. In many situations, the lender offering the refinance cannot know this date with certainty—particularly if the lender is not the servicer of the initial loan. The bill corrects this problem by beginning the 210-day seasoning period on the first payment *due date* of the initial loan, which will allow lenders greater compliance certainty and better ensure that loans are not erroneously pooled into Ginnie Mae securities.

Importantly, nothing in this legislation weakens the consumer protections that were put in place through the original legislation. The bill would also provide the added benefit of ensuring the Ginnie Mae eligibility of re-performing VA refinance loans that are bought out of pools as servicers consider loss mitigation options.

The House will also consider the *Housing Financial Literacy Act of 2019* (H.R. 2162), introduced by Rep. Joyce Beatty (D-OH) on a bipartisan basis with Rep. Steve Stivers (R-OH), and reported favorably by the House Committee on Financial Services just last month.

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 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.

H.R. 2162 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. While MBA conceptually supports the goals of this bill, including improving financial literacy and making homeownership 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.

Thank you for the consideration of the views expressed within this letter. We look forward to our continued work together to promote a more competitive and sustainable real estate finance market in the United States.

Sincerely,



Bill Killmer
Senior Vice President, Legislative and Political Affairs

cc: The Honorable Steny Hoyer, Majority Leader
The Honorable Steve Scalise, Minority Whip
The Honorable Maxine Waters, Chair, House Committee on Financial Services
The Honorable Patrick McHenry, Ranking Member, House Committee on Financial Services
The Honorable Mark Takano, Chair, House Committee on Veterans' Affairs
The Honorable Dr. Phil Roe, Ranking Member, House Committee on Veterans' Affairs
The Honorable David Scott
The Honorable Lee Zeldin
The Honorable Mike Levin
The Honorable Andy Barr