



MORTGAGE BANKERS ASSOCIATION

June 19, 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

The Honorable Nita Lowey
Chairman
U.S. House Committee on Appropriations
H-307, United States Capitol Building
Washington, D.C. 20515

The Honorable Kay Granger
Ranking Member
U.S. House Committee on Appropriations
H-307, United States Capitol 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 the Transportation, Housing and Urban Development (T-HUD) appropriations bill for fiscal year (FY) 2020, which will be considered by the full House of Representatives this week as part of a larger "minibus" vehicle, H.R. 3055.

MBA continues to staunchly support providing the Federal Housing Administration (FHA) with the resources, both in staffing and systems upgrades, it requires to maintain its important, countercyclical role as a government-backed mortgage insurer. Accordingly, MBA has long been a proponent of adequate funding for staffing, project management, and potential improvements that would allow the agency to better manage its operations and the risks associated with its Mutual Mortgage Insurance (MMI) Fund. Therefore, while appreciating the \$130 million the full Appropriations Committee provided for FHA's administrative contract expenses, we continue to support HUD's initial budgetary request for \$150 million.

MBA appreciates and supports the \$300 million within the bill allocated to HUD's *Cybersecurity and Information Technology Fund* to help the agency better meet its acute information technology (IT) needs on a broad basis. We also strongly support the specified \$20 million from that Fund to be used in the ongoing upgrade of FHA's decades-old single-family IT infrastructure, and thank the full Appropriations Committee for its efforts in this regard. These IT systems have long been in need of modernization, and the directed funds represent another crucial step forward to help FHA improve its quality assurance controls and the integrity of its systems.

With respect to FHA's multifamily and healthcare finance programs, we commend appropriators for including \$30 billion in commitment authority for the General and Special Risk Insurance (GI/SRI) Fund in its FY 2020 proposal, 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.

With respect to Ginnie Mae, MBA continues to support an increased level of funding for staffing, training and technology needs. While the \$27 million proposed in the T-HUD title of the bill is consistent with FY 2019, MBA believes Ginnie Mae's full request for \$28.4 million for these purposes is more appropriate. Given Ginnie Mae's critical 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, the Veterans Affairs Home Loan Program, and Rural Housing Service single-family lending has continued to shift towards a more diversified base of smaller lenders. MBA believes this to be a positive trend for Ginnie Mae that reduces concentration risk in the program, but cautions it may require increased oversight or funding in the near future to support Ginnie Mae's ongoing counterparty risk management of the expanded issuer base.

MBA is once again pleased that the current T-HUD title maintains for a sixth year the prohibition on federal funds being used to facilitate eminent domain seizures of performing mortgage loans. By enacting this prohibition for the past five fiscal years, Congress was able to effectively defuse this threat. If the ban were not to be 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 future 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 urge the full House to preserve the bill's recommendation to provide an increased \$60 million 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.

Additionally, the amendment to be offered by Representatives Vargas and Aguilar is an outgrowth of broader efforts included in the Homeownership for DREAMers Act (H.R. 3154) that would provide certainty regarding FHA eligibility of Deferred Action for Childhood Arrivals (DACA) recipients for lenders and borrowers alike. We believe our members can serve this population well if provided a reasonable expectation of consistent federal policy through enactment of legislation.

In conclusion, MBA thanks you for your efforts on this critical set of housing issues in the midst of a difficult budget environment. We look forward to working with you to advance this important legislation as your discussions with Senate leaders and appropriators continue.

Best regards,



Bill Killmer
Senior Vice President, Legislative & Political Affairs

cc: The Honorable Steny Hoyer, Majority Leader
The Honorable Steve Scalise, Minority Whip;
The Honorable David Price, Chairman, T-HUD Appropriations Subcommittee
The Honorable Mario Diaz-Balart, Ranking Member, T-HUD Appropriations Subcommittee
All Members, U.S. House of Representatives