



MORTGAGE BANKERS ASSOCIATION

May 1, 2024

The Honorable Patty Murray  
United States Senate  
Chair  
Committee on Appropriations  
S-128, United States Capitol Building  
Washington, D.C. 20510

The Honorable Susan Collins  
United States Senate  
Vice Chair  
Committee on Appropriations  
S-128, United States Capitol Building  
Washington, D.C. 20510

The Honorable Tom Cole  
United States House of Representatives  
Chair  
Committee on Appropriations  
H-307, United States Capitol Building  
Washington, D.C. 20515

The Honorable Rosa DeLauro  
United States House of Representatives  
Ranking Member  
Committee on Appropriations  
1036 Longworth House Office Building  
Washington, D.C. 20515

Dear Chair Murray, Chair Cole, Vice Chair Collins, and Ranking Member DeLauro:

On behalf of the Mortgage Bankers Association (MBA)<sup>1</sup>, I am writing to share our views on the real estate finance industry's priorities within several of the emerging appropriations bills for Fiscal Year (FY) 2025.

**Transportation, Housing & Urban Development (T-HUD)  
*Support the President's Request for FHA's MMI Program Account***

MBA supports providing the Federal Housing Administration (FHA) with the resources it requires, both in staffing and systems upgrades, to maintain its countercyclical role as a government-backed mortgage insurer. Accordingly, MBA has long been a proponent of 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, we urge the committee to provide \$155 million for FHA's MMI Program Account, as requested by HUD within President Biden's FY 2025 budget.

***Support the President's Request for HUD's Cybersecurity and Information Technology Fund***

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<sup>1</sup> The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 275,000 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 more than 2,000 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](http://www.mba.org).

MBA appreciates and supports the enhanced level of resources provided in recent years to HUD's *Cybersecurity and Information Technology Fund* to help the agency better meet its acute information technology (IT) needs on a broad basis, including multifamily housing IT modernization. MBA also supports the specified monies from that Fund for the ongoing upgrade of FHA's decades-old single-family IT infrastructure, including allocating direct funding to fully support the multi-year FHA Catalyst's project needs in 2025. MBA continues to believe FHA Catalyst is a crucial project to help provide cloud-based platforms to reduce costs, risk, and fraud, and bring FHA in line with current industry practices. MBA thanks the committee for its repeated efforts in this regard, and believes it is vitally important that Congress continues to fund these systems upgrades to completion. The directed funds represent a crucial step forward in this multi-year effort to help FHA improve its quality assurance controls and the integrity of its systems.

***Support the President's Request for the General Insurance and Special Risk Insurance (GI/SRI) Fund***

With respect to FHA's multifamily and healthcare finance programs, we urge you to again include \$35 billion in commitment authority for the General Insurance and Special Risk Insurance (GI/SRI) Fund, as the administration requested in its FY 2025 proposal, as well as funding for rental assistance, particularly Section 8 Project-Based Rental Assistance, that is adequate to meet the needs of HUD's rental assistance programs. Together, these programs permit private sector lenders to continue to finance workforce and affordable apartments and residential healthcare facilities that serve millions of Americans.

***Include Report Language on FHA Office of Multifamily Property Inspections***

Property inspections are critical to ensure HUD-insured properties remain in good condition. However, mortgage servicers are not provided access to HUD's new National Standards for the Physical Inspection of Real Estate (NSPIRE) system. Mortgage servicers cannot schedule inspections, much less viewing any of the results of those inspections. The Real Estate Assessment Center (REAC) is managed by the Office of Public and Indian Housing (PIH), which did not coordinate with the FHA Office of Multifamily on the new system. PIH did not account for FHA Multifamily requirements for mortgage servicer access. To safeguard the HUD portfolio of multifamily properties this needs to be changed immediately. Therefore, the committee is encouraged to include the following report language:

*FHA Multifamily Property Inspections*

The committee supports HUD inspection activities to ensure the quality of HUD-insured properties. The Real Estate Assessment Center (REAC) of the office of Public and Indian Housing (PIH) has established the NSPIRE inspection protocol without adequate attention to FHA Multifamily property requirements, particularly in the insured portfolio where servicing mortgagees are required to procure inspections directly. The committee urges PIH to coordinate NSPIRE inspection protocol activities with the FHA Multifamily Office of Asset Management and Portfolio Oversight (OAMPO) to ensure proper notification and access is provided to the servicing mortgagees responsible for the completion of NSPIRE inspections and compliance with the NSPIRE protocol.

***Include Report Language on FHA Office of Multifamily Loan Production***

Despite the acute need for more rental housing across the country, FHA's multifamily loan decreased 58% from FY 2022 to FY 2023 and, based on annualized Q1 FY 2024 data, volume is on pace to be down another 42% from FY 2023 to FY 2024. That would be a 75% decrease from FY 2022 to FY 2024. This significant reduction cannot only be attributed to rising interest rates during this period. Simply stated, HUD is inefficient, has outdated program requirements, employs the use of unnecessary and exorbitant fees – and, as a result, lender participation in its multifamily program volume is historically low. To improve the program and better support the production of

rental housing, HUD should reduce the multifamily mortgage insurance premium, reduce application and other closing fees and remove program requirements that raise the cost of building rental housing. FHA must play a countercyclical role of providing an improved level of access to its financing. Therefore, the committee is encouraged to include the following report language:

*FHA Multifamily Loan Production*

FHA's production of rental housing units has decreased more than 50% in the last two years. The committee is concerned that FHA is creating unnecessary regulatory barriers to the construction of multifamily housing units. FHA must take steps to play its traditional countercyclical role and help HUD to deliver on its Strategic Plan goal of increasing the supply of housing. HUD shall provide quarterly reports to this Committee on FHA multifamily production numbers and the specific programmatic changes FHA has made to increase rental housing supply.

***Support the President's Request for the FirstHOME Downpayment Assistance***

The Biden FY 2025 Budget requests \$50 million for the FirstHOME downpayment assistance initiative to be allocated to States and insular areas. The proposed set-aside within the HOME Investment Partnership Program account aims to support sustainable homeownership among first-generation, first-time homebuyers while piloting programmatic flexibilities and innovations in subsidy delivery. MBA supports an authorization for this initiative – with proper safeguards to ensure robust lender participation.

This additional downpayment assistance funding would help participating borrowers achieve 10 percent equity in their homes at the time of closing. This reduces the likelihood of default and foreclosure. Homeownership is a proven method of building wealth, but obtaining the resources to meet required downpayment and closing costs is the most significant obstacle to homeownership for potential first-time homebuyers who could otherwise afford the monthly costs of owning a home. MBA encourages the committee to provide the necessary funding for this new initiative.

***Support the President's Request for Ginnie Mae Staffing, Training & Technology***

With respect to Ginnie Mae, MBA supports the President's request of \$67 million for staffing, training, and technology needs and urges your committees to appropriate the additional funds the administration requested for FY 2025. Given Ginnie Mae's critical role in providing liquidity targeted to low- and moderate-income families, first-time homebuyers, renters, veterans, and rural households, increased funding is necessary to prudently manage the increased loan volume in the single-family and multifamily mortgage markets. MBA also notes the need for resources for Ginnie Mae to conduct several important platform modernization initiatives – including the development of "split pools" and loan-level capabilities, as well as steps that would facilitate third-party financing of mortgage servicing rights (MSRs) and permit investment in MSRs by a broader range of institutions.

On a related issue, Congress has previously established a statutory prohibition on the use of its securitizations in HUD's risk sharing programs, also known as Section 542 (b) and (c), by the state Housing Finance Agencies (HFAs). MBA strongly supports retaining this safeguard. This is relevant here because the administration's budget request anticipates legislation to remove that prohibition. The proposal to remove the prohibition, as well as HUD and Treasury action to reinstate a prior, temporary direct loan program through the Treasury Department's Federal Financing Bank (FFB), initially arose to address certain unusual market conditions that occurred during the great financial crisis. As those unusual conditions no longer persist, MBA recommends Congress maintain the Ginnie Mae prohibition, which would support a level playing field for private sector FHA-approved multifamily lenders relative to HFAs. Separately, we also recommend that HUD wind down the FFB program that has been reinstated.

**Agriculture, Rural Development, Food and Drug Administration, and Related Agencies**  
***Include Report Language on USDA RHS Delegated Loan Approval***

The largest obstacle to lender participation in the Department of Agriculture’s (USDA) Rural Housing Service (RHS) Section 502 guaranteed home loan program is that, eight years after an authorization from Congress, our members are still not able to better serve rural Americans through the use of so-called “direct endorsement” authority. Once RHS finally implements this delegated approval, many new lenders will begin offering RHS-guaranteed home loans in their product arsenal, facilitating greater access to affordable home ownership for homebuyers in rural markets. Unlike the FHA and VA mortgage programs, which delegate to a lender’s own underwriting team the determination of whether a mortgage applicant meets the requirements of the agency (subject to agency oversight), the current USDA/RHS loan process requires a lender to send each loan file to a government field office for underwriting approval by USDA staff. This significantly slows down the application process and, in turn, makes RHS-backed purchase offers less competitive to a seller. The *Housing Opportunity Through Modernization Act (HOTMA)*, which was enacted in 2016, authorized RHS to update their process to align with FHA and VA with respect to delegated underwriting approval. To encourage RHS to implement this feature, the committee should include the following report language:

*RHS Single Family Housing Guaranteed Loan Program*

The Committee recognizes the need for updates to the loan processing system for the Rural Housing Service’s Section 502 Single Family Housing Guaranteed Loan Program. With respect to the administrative expenses made available to carry out the direct and guaranteed loan programs, the Committee encourages the Secretary to prioritize the development and implementation of delegated rural housing loan approval, as permitted by Section 201 of the Housing Opportunity Through Modernization Act. The Secretary is directed to report to the Committee what concerns or impediments exist that are preventing compliance with Section 201 of the Housing Opportunity Through Modernization Act (HOTMA) of 2016.

**Military Construction, Veterans Affairs, and Related Agencies**  
***Include Report Language on VA Home Loan Loss Mitigation***

MBA supports the Veterans Benefits Administration (VBA) FY 2025 request for sufficient resources to ensure that the VA Home Loan Program provides timely loss mitigation assistance to veteran borrowers in need – including the VBA’s new foreclosure prevention program, the Veterans Affairs Servicing Purchase (VASP). According to VBA, VASP will help more than 40,000 Veterans experiencing severe financial hardship stay in their homes in today’s high-interest rate market. Through VASP, struggling Veterans will be able to receive a lower payment through a loan modification at a below market interest rate after the VBA purchases the modified loan from the mortgage servicer. However, additional loss mitigation alternatives are urgently needed for VBA’s Home Loan Program to ensure that VASP remains the loss mitigation option of last resort. Therefore, the committee is encouraged to include the following report language:

*VA Home Loan Loss Mitigation*

Veteran borrowers deserve access to the same loss mitigation solutions available to non-Veterans in other federal government housing programs. The COVID-19 Veterans Assistance Partial Claim – which helped more than 50,000 Veterans stay in their homes ended in October 2022. A partial claim is an effective loss mitigation tool that allows borrowers with a temporary, short-term financial hardship to resume their regular payment without the risk of volatile market conditions. Through a partial claim, Veteran borrowers can get back on track with prior monthly payments by moving arrearages to the back of the loan, thus avoiding foreclosure. Therefore, the Committee encourages VBA to establish a permanent partial claim and directs the VBA to submit to the committee the necessary appropriations request to establish a permanent partial claim program.

Thank you in advance for your consideration of the views expressed within this letter. MBA and its members look forward to working together with you to help best serve prospective renters and homeowners during these difficult budget circumstances.

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 & Political Affairs

cc: All Members, House Committee on Appropriations  
All Members, Senate Committee on Appropriations