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MORTGAGE BANKERS ASSOCIATION

July 12, 2022

The Honorable Jim McGovern  
Chairman  
Committee on Rules  
U.S. House of Representatives  
370 Cannon House Office Building  
Washington, DC 20515

The Honorable Tom Cole  
Ranking Member  
Committee on Rules  
U.S. House of Representatives  
2207 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman McGovern and Ranking Member Cole:

On behalf of the Mortgage Bankers Association<sup>1</sup>(MBA), I am writing to express our views regarding potential amendments under consideration within H.R. 7900, *the National Defense Authorization Act for Fiscal Year 2023*, which is scheduled to be considered by the Committee on Rules this afternoon.

**MBA supports the following submitted amendments:**

**Amendment #543**

MBA strongly supports this amendment offered by Representatives Dean (D-PA), Armstrong (R-ND), Perlmutter (D-CO), Reschenthaler (R-PA), and Escobar (D-TX), which would authorize every notary to use remote online notarization (RON) and create national standards and protections on its use. We supported this same amendment last year, which ultimately passed the House of Representatives as a part of the Fiscal Year 2022 (FY22) National Defense Authorization Act (NDAA). The text of the amendment is taken from H.R. 3962, the *SECURE Notarization Act*, which has the strong, bipartisan support of 113 cosponsors and would benefit members of the military who are deployed overseas, permitting servicemembers to finalize important financial documents safely and conveniently. Forty states have already recognized these benefits by enacting laws authorizing the use of RON, and current or future state laws meeting the national minimum standards will supersede this federal law.

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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 390,000 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 2,200 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).

**Amendment #664**

MBA supports this amendment offered by Representative Tlaib (MI), which directs the Department of Housing and Urban Development (HUD) to report on barriers to making Federal Housing Administration (FHA) single-family mortgage insurance available for small dollar mortgages. The text of the amendment is taken from H.R. 1532, the *Improving FHA Support for Small Dollar Mortgages Act*, which passed the House last year and directs the FHA to examine its single-family mortgage insurance policies and identify barriers that restrict access to mortgages of \$100,000 or less. In fact, MBA would advocate for raising this threshold to \$200,000, which would add an additional 282,000 FHA mortgages to the sample.

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.

**Amendment #722**

MBA supports this amendment offered by Representatives Meeks (NY), Maloney (NY), Torres (NY), and Sherman (CA), which would establish an advisory group to increase the diversity of Boards for publicly traded companies. The text of the amendment is taken from H.R. 1277, the *Improving Corporate Governance Through Diversity Act*, which passed the House again earlier this year. Diversity at all levels for private sector entities has been increasing in recent years. Ensuring that decision makers and executives have access to diverse perspectives and opinions increases overall efficiency and improves performance and results.

**Amendment #953**

MBA supports the intent of this amendment offered by Representative Joyce Beatty (OH), which would require HUD to discount mortgage insurance premium payments for those first-time homebuyers who complete a HUD-approved housing counseling program before completing the purchase of a home. The text of this amendment is taken from H.R. 1395, the *Housing Financial Literacy Act*, which passed the House last year.

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 FHA's 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.

#### **Amendment #985**

MBA supports this amendment offered by Representative Sherman (CA), which modifies requirements for appraisers of Federal Housing Administration-insured mortgages by allowing an appraiser for a mortgage for single-family housing to be state-licensed rather than state-certified to meet requirements. The text of the amendment is taken from H.R. 3008, the *Homebuyer Assistance Act*, which passed the House last year and would allow more appraisers practicing in the field today to become eligible to conduct real estate evaluations on properties subject to mortgages insured by the FHA.

In July 2008, the Housing and Economic Recovery Act (P.L. 110-289) was signed into law and prohibited state-licensed residential appraisers from continuing to participate in FHA-insured transactions by limiting evaluations to only certified appraisers. While the statutory change was designed to protect FHA during a time of significant economic stress, it had a negative effect on residential markets over the longer term, especially in difficult-to-access rural areas. In the current market, the lengthy processing times and high costs due to a lack of appraisers reduce the efficiency of the loan origination process for FHA-insured loans. Rising appraisal costs in recent years have largely been attributed to appraiser shortages in certain locations, especially rural areas.

This legislation would allow lenders to address supply shortages by expanding their appraiser pools, which in turn would reduce consumer costs and shorten delays that have occurred in many markets. More broadly, the enactment of this amendment could create a more efficient residential mortgage market for lenders and consumers by expediting valuations and lowering closing costs.

#### **Amendment #1070**

MBA supports this amendment offered by Representative Carolyn Maloney (NY), which would foster innovation in the financial services sector by directing federal financial regulators to adopt data standards for the collection and public dispersion of information they already collect under current law and would require that data published for public use be electronic, searchable, machine-readable, and open-source, and promote the inter-operability of such data. The text of the amendment is taken from H.R. 2989, the bipartisan *Financial Transparency Act*, which passed the House last year.

MBA is proud of the work done in this field by the Mortgage Industry Standards Maintenance Organization (MISMO), the real estate finance industry's standards

organization and a subsidiary of the association. Leveraging MISMO's work to fulfill the requirements of this amendment would provide all market participants, including MBA's members, a voice in the standards required by this legislation. Today, MISMO standards are utilized in every mortgage and accepted and deployed by every type of entity involved in creating mortgages, including housing regulators, agencies, and government sponsored enterprises. Use of MISMO standards reduces manual, paper-based processes and creates efficiencies for consumers, industry, and the government. MBA also appreciates that the legislation would not require the collection of any additional data from market participants – and is intended to reduce burdens on them. In the same spirit, MBA cautions that, if enacted, agencies should be cognizant of the costs associated with any changes to existing data collection and reporting processes affecting market participants and minimize any disruptions to industry due to the proposal's implementation.

We greatly appreciate your attention to these comments. MBA urges you and your committee colleagues to support inclusion of these worthy amendments.

**MBA opposes the following submitted amendment:**

**Amendment #551**

MBA opposes this amendment offered by Representative Green (TX), which would require Fannie Mae and Freddie Mac (the GSEs) to amend the Uniform Residential Loan Application (URLA) to change the placement of the question regarding a mortgage applicant's military service. This provision, if enacted, would lead to significant costs for mortgage industry participants in connection with benefits that are unclear at best and nonexistent at worst.

The provision would require the GSEs to include a question on a mortgage applicant's military service in the URLA, even though this question already is present on the form. The provision also would require the GSEs to change the placement of the military service question on the URLA. Such a requirement would lead to another re-design of a form that was the subject of a recent multi-year re-design that entailed significant time, energy, and resources on the part of both federal agencies and industry participants.

This process, which concluded in March 2021, featured 18 months of testing and limited production pilots to integrate the new URLA, which followed several years of work by the FHFA and the GSEs to seek stakeholder input and develop the re-designed form. To revisit this process so shortly after its completion would be a poor use of government and industry resources. Additionally, the share of the single-family market comprised of loans guaranteed by the Department of Veterans Affairs (VA) has grown significantly over the past decade – from 4% in 2010 to nearly 11% in 2020. In the months since the new URLA has been in effect, the VA share of new mortgage applications has remained strong. Together, these data points indicate that the VA market is robust, and the current design

of the form is not impeding borrower access to, or awareness of, VA-guaranteed loan offerings.

We greatly appreciate your attention to these comments. MBA encourages you and your committee colleagues to withhold support for this problematic amendment.

### **Conclusion**

Thank you in advance for your consideration of the views expressed within this letter. We stand ready to work with all Members of Congress to ensure a robust, just, equitable, inclusive, and economically sound housing market – one that is accessible, affordable, and works to benefit all borrowers, renters, and other critical stakeholders.

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  
All Members, U.S. House of Representatives