



MORTGAGE BANKERS ASSOCIATION

July 8, 2021

The Honorable Rosa L. DeLauro
U.S. House of Representatives
Chairwoman
Committee on Appropriations
H-307, United States Capitol Building
Washington, D.C. 20515

The Honorable Kay Granger
U.S. House of Representatives
Ranking Member
Committee on Appropriations
H-307, United States Capitol Building
Washington, D.C. 20515

The Honorable David E. Price
U.S. House of Representatives
Chairman
Subcommittee on Transportation,
and Housing and Urban Development
2358-A Rayburn House Office Building
Washington, D.C. 20515

The Honorable Mario Diaz-Balart
U.S. House of Representatives
Ranking Member
Subcommittee on Transportation,
and Housing and Urban Development
404 Cannon House Office Building
Washington, D.C. 20515

Dear Chairwoman DeLauro, Ranking Member Granger, Chairman Price, and Ranking Member Diaz-Balart:

On behalf of the Mortgage Bankers Association¹ (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) 2022, which will be considered by the T-HUD subcommittee and full committee this coming week.

MBA continues to support 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 \$180 million for FHA's administrative contract expenses, as requested by HUD within President Biden's FY 2022 budget.

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.

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 \$25 million from that Fund to be used in the ongoing upgrade of FHA's decades-old single-family IT infrastructure, and we thank the full committee for its repeated efforts in this regard. These IT systems have long needed modernization, and 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.

With respect to FHA's multifamily and healthcare finance programs, we urge you to include \$30 billion in commitment authority for the General and Special Risk Insurance (GI/SRI) Fund, as the administration requested in its FY 2022 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.

We also urge the committee to provide HUD with the funding and encouragement necessary to address the extended processing delays now experienced by developers in the pipeline for FHA multifamily and healthcare financing. Delays to produce this sorely needed affordable rental and healthcare financing can be as long as six months simply to assign an underwriter to begin processing loan applications. Last year, HUD produced a record \$19 billion of multifamily housing (up 62% from the previous year) and also had a record year in healthcare financing. HUD is expected to surpass these totals this year. These programs are successful, and HUD staff has worked hard to mitigate such long delays. Unfortunately, current resources have been insufficient to manage the demand. In the short term, HUD should immediately contract with third parties to expand its capacity. In the long term, HUD should be provided with sufficient funding to grow its staff and the FHA's use of third-party service providers to help achieve this goal.

With respect to Ginnie Mae, MBA continues to support an increased level of funding for staffing, training, and technology needs. Accordingly, we commended the committee in previous years for increasing funds for Ginnie Mae's administrative contract expenses, and we urge the committee to consider additional funds above the President's request for FY 2022. Given Ginnie Mae's critical role in providing liquidity targeted to low- and moderate-income families, first-time homebuyers, renters, veterans, and rural households, particularly as the country emerges from the pandemic, increased funding is necessary to prudently manage the increased loan volume in the single-family and multifamily mortgage markets.

Additionally, 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. We commend you for providing this level of funding that will allow for increased oversight by the agency to support its ongoing counterparty risk management of the expanded issuer base.

On another Ginnie Mae issue, Congress has previously established a statutory prohibition on the use of its securitizations in HUD's risk sharing programs, also known as Sections 542 (b) and (c), by 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, and also anticipates HUD and Treasury action to reinstate a direct loan program through the Treasury Department's Federal Financing Bank (FFB), which is a government-to-government execution that

was previously employed as a temporary measure to address unusual market conditions during the great financial crisis. Those conditions are no longer present, and MBA recommends maintaining a level playing field for private sector, FHA-approved multifamily lenders relative to HFAs. We believe that it is appropriate for Congress to maintain the Ginnie Mae prohibition and that HUD not reinstate the former temporary FFB program.

MBA is once again pleased that the administration's FY 2022 request maintains a prohibition on federal funds being used to facilitate eminent domain seizures of performing mortgage loans. By enacting this prohibition for the past several fiscal years, the Congress has been able to effectively defuse this threat. Funding for housing and homeownership counseling is also a priority for MBA, and we commend the administration's decision to request an increase to \$85.9 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.

MBA appreciates your efforts on this critical set of housing issues during a public health and safety crisis and a most difficult budget environment. Thank you in advance for your consideration of the views expressed within this letter.

Best regards,

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 & Political Affairs

cc: All Members, House Committee on Appropriations