



MORTGAGE BANKERS ASSOCIATION

September 13, 2021

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20510

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
U.S. House of Representatives
4340 O'Neill House Office Building
Washington, D.C. 20024

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of the Mortgage Bankers Association (MBA)¹, I am writing to express our views regarding specific provisions of the House Financial Services Committee's markup of the Amendment in the Nature of a Substitute (ANS) to S. Con. Res. 14, the Concurrent Resolution on the Budget for Fiscal Year 2022, scheduled for September 13, 2021.

TITLE IV. COMMITTEE ON FINANCIAL SERVICES

Subtitle B. 21st Century Sustainable and Equitable Communities

Section 40104. Unlocking Possibilities Program

MBA commends the Committee for identifying a legislative solution that provides federal support to a national challenge while preserving local and regional decision-making and implementation. Reforming and updating local and regional housing policies and plans is a critical part of addressing housing affordability and security. This section creates a new Local Housing Policy Grant program to help regions, states, cities, and tribes recover and ultimately thrive by encouraging the adoption of pro-housing policies, housing plans, and updated codes. This section targets funding to the places in most need of housing and where there is the most significant imbalance of jobs and housing. It also prioritizes funding for communities with existing public transportation options. It will spur regional planning and cooperation by giving special consideration to applicants from multijurisdictional coalitions.

Subtitle C. Homeownership Investments

Section 40201. First-Generation Downpayment Assistance

MBA commends the Committee for addressing barriers to homeownership, especially for minorities and lower-income individuals. Ensuring qualified homebuyers have access to

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 more than 1,900 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.

resources to overcome barriers to homeownership, such as challenges to building resources for down payments, is critical to supporting a diverse, fair, and equitable real-estate market. MBA supports this section, which provides first-time, first-generation homebuyers with up to 10 percent of the purchase price of an eligible home in financial assistance, including for down payment costs, closing costs, and costs to reduce the rates of interest. MBA appreciates the inclusion of language within this section supporting uniformity in administration of the down payment assistance program as well as granting participating lenders a meaningful safe harbor should borrowers self-attest their first-generation homebuyer status and later be determined ineligible.

MBA previously has supported, and continues to support, robust funding for housing counseling agencies to help qualified homebuyers meet the legislation's housing counseling and education requirements prior to entering into a sales purchase agreement or submitting a loan application. Whether through the regular appropriations process, or this reconciliation vehicle as proposed, MBA supports 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.

Section 40202. Wealth-Building Home Loan Program

MBA promotes policies that support sustainable homeownership as an important means of producing generational wealth for all Americans, especially communities of color. MBA is supportive of initiatives that assist borrowers in the acceleration of equity growth and provide American families with greater affordability without compromising the safety and soundness of the loan. This section purports to create a pathway for borrowers to build equity in their homes at twice the rate of a comparable 30-year mortgage insured by the Federal Housing Administration (FHA), while making roughly the same monthly payments, which could simultaneously expand and improve homeownership opportunities without posing significant additional market risk. While MBA appreciates this section's intent, we note, however, that this program has significant operational complexities and more limited borrower appeal (to be determined by the extent to which the monthly payments would differ between the 20-year and 30-year options) when compared to the forgivable grants in Section 40201.

Section 40203. FHA-Insured Small Dollar Mortgage Demonstration Program

MBA strongly supports policies and legislation designed to broaden and diversify homeownership as well as enhance housing affordability. That is why MBA previously has supported legislative efforts that would direct FHA to examine its single-family mortgage insurance policies and identify barriers that restrict access to mortgages of \$100,000 or less. Section 40203 builds on previous legislative efforts, and MBA is directionally supportive of the establishment of this pilot program at the Department of Housing and Urban Development (HUD) to expand small-dollar lending options to everyday homebuyers seeking to purchase homes priced at \$100,000 or less. MBA does recommend, however, that any aspects of this pilot program wherein only a set number of lender participants benefit from the policy being tested be confined to a strict timeline. This defined pilot phase would avoid providing certain lenders with an unfair competitive advantage for extended periods of time. Upon completion of the trial phase, a comprehensive review of the pilot's impact can be undertaken to ensure it is meeting its objectives and to determine how best to expand access to all FHA-approved lenders.

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Thank you in advance for your consideration of the views expressed within this letter. We stand ready to work with all Members of the Committee as the housing portion of the ongoing reconciliation debate continues to advance in the House.

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: All Members, House Committee on Financial Services