



MORTGAGE BANKERS ASSOCIATION

July 27, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

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

Dear Speaker Pelosi, Leader McCarthy, Chairwoman DeLauro, and Ranking Member Granger:

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, and Housing and Urban Development, and Related Agencies (T-HUD) appropriations bill for Fiscal Year (FY) 2022, which will be included in H.R. 4502, a minibus of seven FY 2022 appropriations bills, being considered by the full House of Representatives this week.

MBA continues to support providing the Federal Housing Administration (FHA) with the resources it requires, with respect to both human capital and technology, to maintain its countercyclical role as a government-backed mortgage insurer. Accordingly, MBA has long been a proponent of the necessary funding for staffing, project management, and systems upgrades that would allow the agency to better manage its operations and the risks associated with its Mutual Mortgage Insurance (MMI) Fund. We therefore appreciate the \$150 million you have provided for FHA's administrative contract expenses, which is \$20 million above FY 2021 funding levels.

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

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.

information technology (IT) needs on a broad basis, including multifamily housing IT modernization. MBA is therefore disappointed that the specified \$25 million from that Fund to be used in the ongoing upgrade of FHA's decades-old single-family IT infrastructure was not included in the bill. These IT systems have long needed modernization, and the directed funds are crucial to this multi-year effort to help FHA improve its quality assurance controls and the integrity of its systems. Elimination of this specified funding while many of the most critical projects are only partially complete would prevent HUD from achieving its IT modernization goals while also reducing the return on investment of the funds already spent.

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, as requested by HUD, 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 in the assigning of an underwriter to begin the processing of loan applications can take as long as six months, unacceptably lengthening the "turn times" for this sorely needed affordable rental and healthcare financing.

Last year, HUD had a record year in healthcare financing, and produced a record \$19 billion of multifamily housing (up 62% from the previous year) as well. HUD is expected to surpass these totals this year. These programs are successful, and HUD staff has worked hard in past years 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. While we appreciate the committee's appropriated \$35 million for this purpose, we reiterate our support of the President's funding request of \$40.35 million 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 and increasingly diversified set of counterparties in the single-family and multifamily mortgage markets.

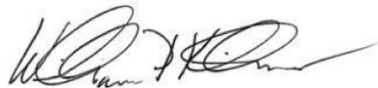
On another Ginnie Mae issue, Congress has previously established a statutory prohibition on the use of its securitizations in HUD's risk sharing programs, also known as Sections 542 (b) and (c), by Housing Finance Agencies (HFAs). MBA strongly supports retaining this safeguard. This is relevant here because the administration's budget request anticipates legislation to remove that prohibition and 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 without adding safeguards to clarify for developers that they

cannot be required to obtain HFA FFB financing as a condition of gaining access to HFA allocations of tax credits.

MBA is once again pleased that the committee maintained 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 defuse this threat. Funding for housing and homeownership counseling is also a priority for MBA, and we commend the committee's decision to request an increase to \$100 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 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 stylized flourish at the end.

Bill Killmer
Senior Vice President, Legislative & Political Affairs

cc: The Honorable David Price, Chairman, Transportation, and Housing and Urban Development, and Related Agencies Subcommittee
The Honorable Mario Diaz-Balart, Ranking Member, Transportation, and Housing and Urban Development, and Related Agencies Subcommittee