



Mortgage Bankers Association Of Missouri

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March 12, 2020

The Honorable Mark A. Calabria, Director
Federal Housing Finance Agency (FHFA)
Eighth Floor, 400 Seventh Street SW
Washington, DC 20219

ATTENTION: PACE Request for Input, Notice No. 2020-N-1

Dear Director Calabria:

This letter is in response to the Federal Housing Finance Administration (FHFA) Request for Input dated January 16, 2020. The purpose of the request regards enhancing actions to be taken on PACE liens considering their continued impact to first lien mortgages and to homeowners/purchasers from the lien priming effects of PACE loans.

The Mortgage Bankers Association of Missouri (MBA) is comprised of over 90 membership companies and in part advocates for the stability and growth of the Missouri mortgage industry. As an association, we are concerned with the present and future challenges that PACE priority liens can have in the residential real estate market.

Our association concurs that it is necessary to review this matter and perhaps take steps to strengthen mortgages financed by Freddie Mac and Fannie Mae. We have concern that the PACE lending program does not adhere to any of the ability-to repay, or higher-priced qualified mortgaged guidelines, which may place consumers at risk. We remain concerned that the PACE program, in its current form, presents a threat to the housing finance process in this state.

However, before revised measures are taken against Missouri that may lead to stricter lending policies and perhaps negative results for our industry in Missouri, we would request that the Director consider:

- Providing the Missouri General Assembly time to address PACE reform. Currently, the Missouri Senate has SB 577(Crawford) and the Missouri House of Representatives have HB 1555 (DeGroot) and HB 2731 (Bailey) pending before it. If action is taken by your office, it may not allow for further discussion of these matters in Missouri.

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- As an association, we believe that taking an action against the entire state has the potential to negatively impact the entire state and could lead to a lack of credit availability and higher costs to all Missourians.
- Local counties have begun reviewing and acting against these programs. This process should be allowed to continue before federal impact is brought down in Missouri.

We appreciate the opportunity to provide our thoughts and we respectfully request that the FHFA consider not implementing stricter standards in Missouri without providing the state or local governments the right to correct this issue. To impose new standards immediately will only impact innocent consumers.

Should you or your staff need anything or have any questions, please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script that reads "Chris Purcell".

Chris Purcell, Chairman
Mortgage Bankers Association of Missouri