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Attn: Comments/RIN 2590-AA49
Proposed 2012-2014 Enterprise Housing Goals

The Mortgage Bankers Association[1] (MBA) appreciates the opportunity to comment on the Federal Housing Finance Agency's (FHFA's) proposal to amend the existing housing goals regulations by establishing housing goals for 2012, 2013 and 2014 for the government sponsored enterprises (Enterprises) Fannie Mae and Freddie Mac[2] (Proposal).

MBA Position

MBA strongly supports efforts to preserve or enhance the availability of affordable housing finance for single family and multifamily properties. However, MBA has consistently voiced concerns regarding the affordable housing goals and impact that they have had in the market. MBA believes the core mortgage finance market and the role the government plays in it should be well-defined and not driven by rigid mandates. Decisions regarding the government's role in affordable housing should be explicitly supported by specific policy decisions, actions and funding. Programs and/or subsidies to support these policies should supplement and complement, not distort or misalign government efforts to provide stability and liquidity in the mortgage markets.

Setting the appropriate levels for HERA's mortgage purchase goals is particularly challenging in light of existing conditions that were unforeseen when the law was enacted four years ago. For example, the magnitude of the economic downturn was unimaginable at that time, as was placing both Enterprises into conservatorship.

[1] The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 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 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 2,200 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, Wall Street conduits, Real Estate Investment Trusts, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mortgagebankers.org.
[2] 77 FR 112, 34263-34281, (June 11, 2012).

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These two factors created a paradigm shift in the deployment of Enterprise resources. The economic downturn prompted the need for existing borrower relief and foreclosure prevention programs. However, the Enterprises' activities in these areas are not fully captured by the HERA-mandated goals, which are, in part, designed to raise the levels of homeownership and rental housing in underserved market segments.

MBA also notes it is unclear from the Proposal whether the FHFA considered the impact of other pending rulemakings were factored into the analysis regarding the proposed goals levels. Specifically, two sets of pending regulations to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act[3] are likely to reshape the boundaries for accessing affordable housing finance: the Consumer Financial Protection Bureau's "ability to pay" regulations,[4] and the credit risk retention regulations promulgated in an interagency effort including the FHFA.[5]

MBA requests the FHFA evaluate the interplay between the proposed goals, pending housing-related regulations of other regulatory agencies, and the policy discussions on the future of the Enterprises.

Conclusion

While the housing finance system has yet to normalize, MBA believes the economic climate would be considerably worse were it not for the role of the Enterprises in providing liquidity for housing finance, and their oversight by the FHFA. In light of the recent evidence of recovery in the financial sector, we urge the FHFA to implement the Proposal in a manner that minimizes additional market distortion. If you have any questions, please contact Thomas Kim at (202) 557-2745 or via e-mail at tkim@mortgagebankers.org; or Michael Carrier at (202) 557-2870 or via e-mail at mcarrier@mortgagebankers.org.

Sincerely,

David H. Stevens
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[3] Pub. L. 111-203; 124 Stat. 1376–2223, (July 21, 2010).
[4] 76 FR 91 27389-27506, (May 11, 2011).
[5] 76 FR 83, 24089 – 24186, (Apr. 29, 2011).