



December 18, 2019

Ms. Colette Pollard
Reports Management Officer
QDAM
U.S. Department of Housing and Urban Development
451 7th Street, SW
Room 4176
Washington, DC 20410-5000

**RE: OMB Approval Number: 2502-0059
Title of Information Collection: Application for FHA Insured Mortgages**

The Housing Policy Council, the Mortgage Bankers Association, the American Bankers Association, and the Bank Policy Institute write jointly in response to the U.S. Department of Housing and Urban Development's (HUD or Department) Paperwork Reduction Act request for approval of the proposed information collection related to the Federal Housing Administration's (FHA) revised form HUD-92900-A, Addendum to the URLA (Addendum). The URLA and Addendum are used to determine the eligibility of a borrower and proposed mortgage transaction for FHA's insurance endorsement. Together they describe the parties involved, the property, and the conditions and terms on which the mortgage insurance will be based.

We understand that the Addendum's loan-level Mortgagee certification statements, which HUD published in the Federal Register on October 25, 2019,¹ reflect public comments submitted to FHA in response to the previous draft posted on the FHA Office of Single Family Housing "Drafting Table"² in May 2019, including comments that we submitted. We appreciate the opportunity to provide additional feedback on this updated and formal proposal for the revised Addendum and the loan-level certification statements contained therein.

We share HUD's view that it is critical to create an environment in which lenders can operate with clarity and certainty regarding FHA's program requirements, which necessitates an unambiguous compliance standard and explicit information on the potential penalties for noncompliance. We believe that the Addendum's loan-level Mortgagee certification statements will assist in accomplishing these goals, and we, therefore, support the proposed information collection as necessary for the proper performance of the functions of the Department.

¹ 84 Fed. Reg. 57,464, 57,467 (Oct. 25, 2019).

² See https://www.hud.gov/program_offices/housing/sfh/SFH_policy_drafts. The Department first solicited public comment on the information collection on March 12, 2019. See 84 Fed. Reg. 8,886 (Mar. 12, 2019).

Ms. Colette Pollard
December 18, 2019
Page 2

We appreciate HUD's efforts to amend the Addendum's certification statements to align the statements with existing regulatory requirements, as well as FHA's insurability standards. These changes will help to reduce uncertainty in the industry regarding the risks associated with originating FHA loans. Specifically, the revised loan-level Mortgagee certification statements reinforce a Mortgagee's obligation to adhere materially to FHA program rules in the origination of FHA-insured loans. They also support HUD's objective to hold lenders accountable and protect the financial health of the FHA Mutual Mortgage Insurance ("MMI") Fund by evaluating the severity of any loan-level defects, and therefore loan-level certification inaccuracies, in accordance with the Defect Taxonomy in place at the time of loan endorsement. We thank the Department for removing the overly broad attestations of compliance with regulatory and HUD Handbook 4000.1 ("Handbook") provisions that had no impact on the insurability of the underlying FHA loan and increased the risk of potential liability under the False Claims Act. Moreover, we support the Department's revisions to streamline the Addendum by removing from the form VA requirements, as well as a number of ancillary program guidelines.

Implementation of a coordinated and complementary annual certification, loan-level certification, and Defect Taxonomy is necessary to create and foster a regulatory environment that will boost lender confidence in the FHA program. The revised loan-level Mortgagee certification statements provide a positive step for FHA to achieve this objective, which could help to increase and diversify lender participation in the FHA program, strengthen the MMI Fund, and ultimately expand access to credit to the benefit of FHA, homeowners, and communities.

Given the foregoing, we support the revisions and recommend that adoption of the revised loan-level Mortgagee certification statements occur as quickly as reasonably possible.

We look forward to continuing a dialogue with HUD representatives in furtherance of our shared objectives. To that end, we stand ready to assist the Department in updating the regulations governing the servicing of FHA-insured loans to bring FHA requirements in line with industry standards for mortgage servicing. Similar to the revised Addendum's likely impact, we believe that amending the outdated and overly burdensome servicing regulations will further increase lender diversity and participation in the FHA program and ultimately expand access to credit by aligning servicing costs associated with FHA loans more closely to other loan products.

Thank you for your consideration.

Sincerely,

Housing Policy Council
Mortgage Bankers Association
American Bankers Association
Bank Policy Institute