The Honorable Steve Womack
Chairman
T-HUD Appropriations Subcommittee
House Committee on Appropriations
2358-A Rayburn House Office Building
Washington, DC. 20515

The Honorable Mike Quigley
Ranking Member
T-HUD Appropriations Subcommittee
House Committee on Appropriations
1016 Longworth House Office Building
Washington, DC. 20515

The Honorable Brian Schatz
Chairman
T-HUD Appropriations Subcommittee
Senate Committee on Appropriations
Room S-128, The Capitol
Washington, DC. 20510

The Honorable Cindy Hyde-Smith
Ranking Member
T-HUD Appropriations Subcommittee
Senate Committee on Appropriations
Room S-128, The Capitol
Washington, DC. 20510

December 9, 2024

Dear Chairs and Ranking Members:

As Congress considers whether to adopt a Continuing Resolution until March 2025 or to finalize the Fiscal Year (FY) 2025 Transportation and Housing and Urban Development Appropriations conference report, we write in support of the higher Senate funding levels for salaries and expenses of the Government National Mortgage Association (Ginnie Mae) and the Federal Housing Administration (FHA).

We seek the higher funding levels for Ginnie Mae and FHA, so that both agencies can sustain their capacity to fulfill their mission to serve first-time homebuyers. Given the ongoing challenges facing the housing market - with high home prices and rising interest rates - first-time homebuyers rely on the FHA and Ginnie Mae for affordable home loans and need these organizations to be adequately resourced to support the mortgage market.

Ginnie Mae

Ginnie Mae plays a critical role in guaranteeing securities backed by Federal Housing Administration (FHA) loans, as well as Rural Housing Service (RHS) and Veterans Affairs (VA) single family loans.

In 2023, Ginnie Mae supported more than 1.2 million households in our Nation’s urban, rural, and Tribal communities, including underserved segments of the population, service members, and Veterans – with nearly 630,000 Americans achieving the dream of homeownership for the first time.

The Senate THUD appropriations bill funded the Ginnie Mae salary and expense account at $67 million and the House bill funded this at $54 million. The FY 2025 budget requested $67 million for this account.

We request the higher Senate level of $67 million be adopted in the final conference report. The difference between the two bills is relatively small, in relation to the FY 2025 budget projection that Ginnie Mae will generate approximately $1.4 billion in profits (negative credit subsidies) next year.

However, the higher level is important, because it is essential that Ginnie Mae has the resources and staff the agency needs to fulfill its responsibilities and focus on its core mission, including marketing Ginnie Mae securities to global investors and conducting oversight of the 300-plus companies that issue Ginnie Mae securities backed by FHA, RHS, and VA loans.

Full funding for Ginnie Mae is also important so that the agency can proactively work on initiatives to enhance market liquidity for issuers, to support their ability to make principal and interest advances to Ginnie Mae investors when borrowers are delinquent, and to buy loans out of pools in order to perform essential loss mitigation. Development of expanded liquidity options would enhance issuer participation in the program while minimizing Ginnie Mae's exposure and need to intervene in cases where an issuer is unable to meet its advance obligations. It would also provide funds for Ginnie Mae and FHA to respond to recommendations from the Financial Stability Oversight Council to address these liquidity risk issues.

We also encourage you to support the funding level requested for HUD's Office of General Counsel, which is also essential for Ginnie Mae to ultimately pursue opportunities to expand market liquidity.

Federal Housing Administration (FHA)

The Federal Housing Administration (FHA) insured 766,942 "forward" single family mortgages last year, of which 498,363 mortgages were for first time homebuyers. FHA leads the market in providing mortgage credit for otherwise qualified borrowers with low down payment capabilities or minor credit blemishes.

FHA carries out this affordable homeownership mission in a fiscally responsible way. The latest FHA Mutual Mortgage Insurance Fund (MMIF) report showed a year end FY 2024 capital level of $172.8 billion, and a capital ratio of 11.47, many times over its required minimum capital.

The Senate THUD appropriations bill set funding at $505.7 million and the House bill at $487.55 million. The FY 2025 budget requested $509 million for this account.

We request the higher level of $505.7 million be adopted in the final conference report. The difference between the two bills is relatively small, in relation to the FY 2025 budget projection that FHA forward mortgage loans will generate approximately $4.444 billion in profits (negative credit subsidies) next year.

Sufficient funding levels for FHA are critical to enable the agency to work effectively with the private market lenders who make homeownership possible for millions of Americans. FHA's core risk management responsibilities include setting appropriate premiums and underwriting standards for new FHA loans, supervising approved FHA lenders, monitoring of loan performance on its existing portfolio of mortgage loans, monitoring of the servicing and loss mitigation on its existing loans, and managing Information Technology and other systems that support the loan program.

In closing, we recognize the need for fiscal restraint as deficits grow. Yet, both of these agencies generate funds that serve as an offset for their own and other government programs, and, therefore, providing these programs the funding needed to properly manage risk and operate efficiently would both enhance their ability to carry out their mission and reduce the chances of program risks creating greater costs down the road. Thank you for your consideration of these recommendations.

Sincerely,

Community Home Lenders of America

Housing Policy Council