

Resolution No. 1

Date: 7/28/2018

City: Portland, OR

NAHB Resolution

Title: Administrative Reforms to the Housing Finance System
Sponsor: Housing Finance Committee
Submitted by: Dave Main

WHEREAS, the ability of the home building industry to meet the demand for housing, including addressing affordable housing needs, is dependent on an efficiently operating housing finance system that provides adequate and affordable credit to home builders and home buyers in all geographic areas and in all economic conditions;

WHEREAS, Fannie Mae and Freddie Mac ("the Enterprises") have been in conservatorship under the Federal Housing Finance Agency (FHFA) for almost ten years which limits innovation in addressing housing finance needs and leaves the future of the housing finance system uncertain;

WHEREAS, the National Association of Home Builders (NAHB) supports comprehensive housing finance system reform legislation but congressional action is not likely in the 115th Congress;

WHEREAS, in January 2019, the term of current FHFA Director Mel Watt will end giving the Trump Administration an opportunity to appoint a new FHFA director;

WHEREAS, the administration has signaled its intent to make reforms administratively to shrink the footprint of Fannie Mae and Freddie Mac;

WHEREAS, while the Enterprises are in conservatorship, the FHFA director has broad powers to take unilateral action to alter their business practices;

WHEREAS, if the administration takes actions to scale back Fannie Mae and Freddie Mac, it is likely also to take steps to limit loans insured by the Federal Housing Administration (FHA) in order to avoid increasing the overall risk to the taxpayer as more borrowers turn to FHA;

WHEREAS, NAHB must be ready to respond to actions the administration may take to reform Fannie Mae, Freddie Mac and FHA which may threaten a stable housing finance system that maintains access to credit and includes an explicit federal government backstop;

WHEREAS, NAHB's activities to respond to administrative reforms must be consistent with or complimentary to policy 2016.1 No. 5 Comprehensive Framework for Housing Finance System Reform; and

WHEREAS, NAHB's policy 2015.6 No. 6 Fannie Mae, Freddie Mac, FHA, VA Maximum Mortgage Amount supports the existing process for annual adjustment to loan limits for Fannie Mae, Freddie Mac and FHA single family mortgage programs,

NOW, THEREFORE, BE IT RESOLVED that NAHB reaffirm its support for comprehensive housing finance system reform through legislative action and support for an explicit federal government backstop;

BE IT FURTHER RESOLVED that NAHB reaffirm support for the existing annual adjustments to the loan limits for Fannie Mae, Freddie Mac and FHA single family mortgage programs;

BE IT FURTHER RESOLVED that NAHB urge FHFA, the Department of Housing and Urban Development (HUD) and/or the U.S. Department of the Treasury (Treasury) to go through Notice and Comment rulemaking procedure when considering administrative and/or regulatory changes;

BE IT FURTHER RESOLVED that NAHB oppose actions that would disrupt liquidity in either the single family or multifamily housing markets, decreasing access to credit for single family homes and multifamily units;

BE IT FURTHER RESOLVED that NAHB oppose increases to mortgage fees charged by Fannie Mae and Freddie Mac and HUD that will have an adverse impact on homebuyers and prevent creditworthy homebuyers from obtaining mortgage credit;

BE IT FURTHER RESOLVED that NAHB oppose increases to guarantee fees charged by Fannie Mae and Freddie Mac when the fees are used for purposes other than to cover expected credit losses, the required return on capital, and other administrative costs of the Enterprises;

BE IT FURTHER RESOLVED that NAHB oppose activities and reforms that will disrupt the countercyclical role of the federal government and GSE housing programs in providing access to mortgage credit;

BE IT FURTHER RESOLVED that NAHB support the FHA full guarantee and oppose any efforts to reduce FHA insurance to a partial guarantee;

BE IT FURTHER RESOLVED that NAHB support the affordable housing mission of Fannie Mae and Freddie Mac while in conservatorship that has flexibility to address a broad range of housing needs and are balanced to ensure safety and soundness of the Enterprises;

BE IT FURTHER RESOLVED that NAHB support FHFA's efforts to encourage private capital to share credit risk undertaken by the Enterprises as long as credit sharing transactions do not increase mortgage costs or otherwise negatively impact access to credit or the safety and soundness of Fannie Mae and Freddie Mac.

Board of Directors Action:

Executive Board Action:

Resolutions Committee Action:

Housing Finance Committee Action:

Federal Government Affairs Committee Action:

Multifamily Board of Trustees Action:

APPROVED

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval

Recommends Approval