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Stevens to MBA; Work to Lock in Reforms before Regime Changes

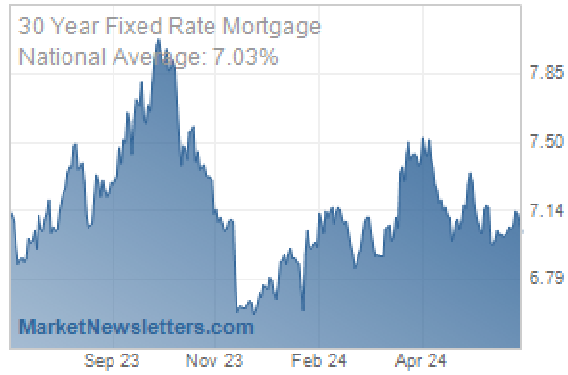
It has been a **tumultuous** and **unpredictable** year. That was how David H. Stevens, President and CEO of the Mortgage Bankers Association framed his remarks to the MBA's 2017 Annual Convention and Expo in Denver. Stevens, who announced at last year's Expo that he was suffering from cancer, said he was speaking both about his personal battle (while announcing he is in full remission) and of the political winds that have been blowing. He warned members to guard against a false sense of security given the many changes that loom.

Stevens recounted MBA's efforts over the past year to build relationships with the new administration. Meetings have been held with Housing and Urban Development (HUD) Secretary Ben Carson, and new teams at the U.S. Treasury and the White House. These meetings and other MBA input resulted in an executive order on regulatory relief that reflected the group's input and in suspension of portions of BASEL III which would have impacted smaller and regional banks. MBA was also invited to two early meetings on tax reform and Stevens was one of only three witnesses invited to speak to the Senate Banking Committee on **GSE reform**.

Stevens used these examples to underline that, when it comes to policy, those who make it in Washington "come to us." They rely on MBA's data, research, thoughtfulness, and perspective. This, he said is because they know **MBA represents all of mortgage finance**, commercial, residential, bank and non-bank."

But going forward, having MBA's voice heard is going to be more vital because the new administration will soon be replacing both the directors at the Consumer Financial Protection Bureau (CFPB) and the Federal Housing Finance Agency (FHFA). Whoever is selected will have a significant long-term impact on the industry he said. HUD and its new team will be **looking at everything**, from its broad role in housing to targeted issues like reps and warrants, loan limits, mortgage insurance premiums, and credit and counter party policies. Other agencies will be grappling with tax policies and the role of the government in housing finance. Finally, after close to a decade of conservatorship, the reform of Freddie Mac and Fannie Mae (the GSEs) is likely to happen.

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.03%	-0.05	0.00
15 Yr. Fixed	6.44%	-0.01	0.00
30 Yr. FHA	6.50%	-0.05	0.00
30 Yr. Jumbo	7.24%	-0.01	0.00
5/1 ARM	7.05%	-0.02	0.00
Freddie Mac			
30 Yr. Fixed	6.95%	+0.09	0.00
15 Yr. Fixed	6.25%	+0.09	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/5

Recent Housing Data

		Value	Change
Mortgage Apps	Jun 12	208.5	+15.58%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

		Value	Change
Builder Confidence	Mar	51	+6.25%

MBA needs to be ready for that reform because conservatorship has brought stability, and "Right now, we are all living with a **false sense of security**." The person who replaces FHFA Director Melvin Watt when his term ends this year could put that at risk, Stevens said. "What happens if the President nominates a new director who thinks the government role in mortgage finance is too large and wants to scale it back?

That could affect everything from **g-fees to loan limits**. It could impact the qualified mortgage (QM) patch and confidence in the rule as it works today. Even the level playing field in pricing and credit terms could change, as nothing is locked-in. Respective business models are at risk under a new director unless the changes that have been made can be made permanent, and that can only be done through legislation.

MBA has **already** laid out a plan which secures a real, legitimate, government guaranty, legislates a level playing field, and protects the taxpayer going forward. But most importantly, the Director said, it protects against the individual bias of any new director going forward. We need to get the legislation done now, to lock in the gains made, before the regime changes.

Tax reform is another area that will have profound effects on all MBA members, as will regulatory reforms "that unshackle our members so they can better serve their customers." Stevens urged member to use their voices to fight for these legislative goals as well as to fight for policies that guarantee more affordable, accessible, and sustainable housing.

Locking in the changes and calling for new policies is not a sideline sport, Stevens said. One voice... is amplified even more when it's *every* voice and he urged members to get involved in advocating for MBA's priorities.