



# Mortgage Bankers Association of Missouri

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April 10, 2011

The Honorable Blaine Luetkemeyer  
1740 Longworth House Office Building  
United States House of Representatives  
Washington, DC 20515

Re: Current Housing and Mortgage Finance Crisis

Dear Representative Luetkemeyer:

For over thirty five (35) years the Mortgage Bankers Association of Missouri has been a leading advocate for homeownership in our State of Missouri. Our Association is comprised of large national banks, Missouri domiciled banks and independent mortgage bankers. In short, we represent the largest block of mortgage lenders and employees in the State of Missouri. Our Association is a wealth of experience and knowledge.

There is an alarming shift in proposed federal housing policies as outlined in the February 2011 report to Congress titled: *Reforming America's Housing Finance Market*". These proposed changes in housing finance philosophy will result in *unintended consequences* that could devastate homeownership in Missouri as well as the country. As a result, our Board of Governors has decided that our Association can no longer sit on the sidelines and hope for the best. As stewards of housing in Missouri we intend to engage in meaningful dialogue with our state's elected federal officials.

For decades, housing led our country's economic engine. Our mortgage finance system was the envy of the world. However, our system of delivering mortgages to the marketplace was flawed. No one group is free from a degree of culpability. The Mortgage Bankers Association of Missouri fully recognizes with certainty - simplistic solutions that have not been carefully vetted will not only make matters worse - they could be disastrous. There must be a balance struck versus an over-reaction to problems that have been corrected.

It is apparent that a disconnect exists between philosophy and reality of the authors of *Reforming America's Housing Finance Market*. The point; changes have already been incorporated that address the failures of our housing finance system. Mortgage loans being made today are based upon sound underwriting standards. These newly originated mortgages are based on verifying documentation and certifying that the borrower has the ability to repay.

Any attempt to dismantle an existing market system without a firm equitable plan of replacement is dangerous. Without care and planning it is possible that the housing finance market could shut down. This will lead to further expansion of an already immense over-supply of housing with little demand. An unbalanced supply and demand will lead to further downward spiraling of home values. Our Association fears that a system limited to portfolio lending will once again become the mortgage option of would-be homeowners – at a higher cost and with limited accessibility. Many of today's public was not born when portfolio lending led to the first Savings and Loan collapse. Our State, our people, and our economy cannot afford a return to a portfolio style of

lending. After reading *Reforming America's Housing Finance Market* our Association is not convinced that the authors have a grasp of the true workings of the mortgage finance system.

I personally urge you to become engaged with us in a dialogue on this issue and give due consideration to our views and experience. At your earliest convenience I ask that your office contact me so that I may report back to my Board of Governors whether you have yet taken a position and whether that position is consistent with our views and concerns. We would like to discuss with you alternatives that we consider are available, viable and sustainable.

I can be reached directly via email at [Kathy.alexander@fbol.com](mailto:Kathy.alexander@fbol.com), or at 314-205-3102. You may contact our Association in Jefferson City at 573-634-4898.

Sincerely,

Kathy Alexander  
Chairman  
Mortgage Bankers Association of Missouri