



MORTGAGE BANKERS ASSOCIATION

October 28, 2021

The Honorable Charles E. Grassley  
United States Senate  
135 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Grassley:

On behalf of the Mortgage Bankers Association (MBA), I am writing to indicate our support for the proposed changes within the Amendment in the Nature of a Substitute (AINS) to S. 2428, the "False Claims Amendments Act of 2021," which is scheduled for markup in the Senate Judiciary Committee on Thursday, October 28.

As you know, in the wake of the Great Financial Crisis, the Federal Housing Administration (FHA) and the Department of Justice (DOJ) have aggressively pursued mortgage lenders for technical, de minimis errors on FHA-insured loans in default that had no causal relationship to the reason for default. This experience forced many lenders to sharply reduce their lending via the FHA program or exit altogether. HUD and DOJ recently concluded years of work together to finalize key administrative changes and a memorandum of understanding outlining clear standards of materiality that reduce the risk of draconian penalties for immaterial data or documentation errors.

Your amendment to S. 2428 strikes the proper balance and helps preserve these important changes while ensuring agencies continue to have the tools necessary to appropriately pursue False Claims Act remedies. In addition, the changes to False Claims Act procedure found in the amendment will encourage more lenders to offer FHA-insured loans.

MBA thanks you for the leadership you and your bill's cosponsors have demonstrated through the changes you provided to the underlying text. We stand ready to work with you and others in Congress on this important issue.

Best regards,

A handwritten signature in black ink, appearing to read "Bill Killmer", is written over a light blue horizontal line.

Bill Killmer  
Senior Vice President  
Legislative and Political Affairs

cc: The Honorable Richard Durbin, Chairman, Senate Judiciary Committee  
The Honorable Patrick Leahy  
The Honorable John Kennedy