MAA Members,

On Thursday, the Senate Judiciary Committee considered and passed S. 2428, the “False Claims Amendment Act,” by a vote of 15 – 7. The bill, introduced this summer by Senators Chuck Grassley (R-IA) and Patrick Leahy (D-VT), would have made significant changes to the False Claims Act (FCA) – and the statute’s definition of “materiality” – that would have disrupted FHA/VA/RHS program lending.

As a direct result of consistent MBA advocacy, an Amendment in the Nature of a Substitute (AINS) to S. 2428 was the text considered by the Judiciary Committee today. The amended proposal included substantial changes to the original bill that will protect lenders from being exposed to lengthy litigation and monetary penalties. MBA’s letter supporting the changes incorporated into the underlying text can be found here.

- **Why it matters**: In early August, as the Senate debated moving a bipartisan infrastructure package, Senators attempted to attach S. 2428, without needed changes, to the infrastructure bill. Although the broad FCA changes within S. 2428 were not aimed directly at the mortgage lending industry, MBA responded in opposition to the proposal swiftly and throughout the summer. Around-the-clock efforts included leading a coalition letter with the American Bankers Association and Housing Policy Council that was sent to Senate leadership, continuous conversation with Senators and their staffs, and deploying a robust MAA call to action that resulted in 1,400 members sending 3,100 messages from across 48 states.

- **What’s next**: Given the nature of the opposition to S. 2428 in the markup this morning, future Senate floor action on the bill remains unclear. Senators Grassley and Leahy, the two most senior members of the U.S. Senate, can be expected to try and attach their amended bill to other moving legislative vehicles throughout the rest of the current congressional session. MBA’s support for the AINS today reflects our ongoing opposition to any attempts at legislative or regulatory change pertaining to the FCA that reduces access to
credit and leads to higher costs of FHA financing for first-time, low- to moderate-income, and minority homebuyers.

Make no mistake – this is a victory for our industry thanks in large part to your swift engagement. We will keep you apprised as more detail unfolds regarding S. 2428, as amended.

The larger the group, the louder the voice!

Bill Killmer  
Senior Vice President of Legislative and Political Affairs  
Mortgage Bankers Association