



October 25, 2017

The Honorable Michael Crapo and The Honorable Sherrod Brown
Committee on Banking, Housing & Urban Affairs
United States Senate
534 Dirksen Office Building
Washington, DC
20510

Dear Chairman Crapo and Ranking Member Brown:

We are writing to support the nomination of Brian D. Montgomery as HUD Assistant Secretary for Housing and FHA Commissioner. Our association strongly endorses Mr. Montgomery, one of the most qualified individuals ever nominated for this post. It is rare to find an individual who has actually performed this job who is willing to step back into service. As the association that represents the interests of over 500,000 licensed and registered mortgage originators, we intimately know the value of the right person filling this position.

As Assistant Secretary for Housing from 2005 to 2009, Mr. Montgomery managed the current duties of the position and also had the vast responsibility for many facets of housing finance that have now been turned over to the Consumer Financial Protection Bureau. His adept handling of those responsibilities in addition to the oversight of FHA, prove he is more than capable of handling the current duties. With homeownership near all-time lows and rebuilding many parts of Texas and Florida, we need a Housing Secretary who can hit the ground running. With his experience and expertise, Mr. Montgomery is one of the few people in the country who could do that.

Unlike others who have held this position, Mr. Montgomery agreed to stay on to help a new administration, even though they were of a different political party. His steady hand during the time of great crisis in the housing market were invaluable. Rather than simply pass on unsupported accolades, let me be specific as to why Mr. Montgomery was an exemplary Assistant Secretary for Housing.

When Mr. Montgomery took office, FHA's share of the mortgage market had dwindled to only a few percent. Subprime loans and loans with no proof of income were the order of the day. Prior to the S.A.F.E. Act, loan originators were not licensed, allowing people who were poorly trained or worse, to originate mortgages. Mr. Montgomery refused to

follow the trend, although even Fannie Mae and Freddie Mac followed this path. He held firmly that FHA would only be offered through companies that had substance and provided training to their originators. Even brokers participating in FHA were required to have audited financial statements that showed a modest net worth. FHA maintained its Neighborhood Watch that monitored mortgagee performance, cutting off companies who tried to use FHA as a dumping ground. Despite intense pressure, Mr. Montgomery insisted that FHA loans have reasonable proof of income and assets. When the mortgage market collapsed, FHA was always able to pay insurance claims, taking only a small draw from Treasury that was quickly repaid. In the conventional market, large companies were driven into bankruptcy and even the GSEs were forced to take huge draws from the federal government. This could easily have been the case with FHA had it not been for Mr. Montgomery's strong leadership. Had it not been for seller-paid downpayment assistance that was instituted before his tenure, FHA would not have even needed a draw. It took time to eliminate this major cause of FHA losses, although he vigorously pursued it. In 2006, the House passed the FHA Modernization Act under Mr. Montgomery's guidance. If the Senate had passed this bill, these poorly performing factors would have been eliminated and FHA would have been in an even stronger position. Just as he was leaving office, many of his reforms became reality, giving a great benefit to his successor.

As the country faced an uncertain economic future, when everyone else was teetering on extinction, FHA was there to set housing back on a firm footing. One cannot imagine what would have happened if FHA had been eliminated as irrelevant. Since NAMB was deeply involved in the preservation of FHA, we can tell the real story of why FHA is still there. Prior to the meltdown, when Congress was seriously considering eliminating FHA, Mr. Montgomery formed a plan to keep FHA available. He called in the leaders of the major trade associations and informed them that the fate of FHA hung in the balance. He spoke to all who would listen why FHA was good for American homeownership. By a narrow margin, FHA lived on to see, in just a matter of months, the conventional mortgage market crumble. We owe a much bigger debt to Mr. Montgomery than he has ever been given credit for. He is not a man to grasp for praise although this country owes him a great deal.

Finally, Mr. Montgomery is a man who welcomes innovation. He encouraged leaders to present changes and programs that would enhance the FHA program. NAMB, in concert with the leading 203K lender in the nation, presented the Streamlined 203K that was adopted. This popular program allows borrowers to make non-structural improvements to their home such as new heating, plumbing or electrical repairs with minimal red tape. During his time in office, FHA removed many small impediments that made real estate agents avoid FHA, such as mandatory property inspections and reports that appraisers did not note as necessary. When the rest of the mortgage market was on its knees, a smoothly-running FHA was ready to help.

Even when he has been out of office, Mr. Montgomery has a heart for the hurting and needy. Without pay, he flew to Houston to help in the disaster efforts in Houston. He chaired HUD's Hurricane Response Center for hurricane Katrina. He personally was involved in educating African-Americans who wanted to be first-time homebuyers, receiving the Robert J. Corletta Award for extraordinary creativity and dedication to the cause of affordable housing. Traits like integrity, compassion, and creativity combined with expertise and experience are difficult to find but are all wrapped up in our former Assistant Secretary.

Yes, NAMB is enthusiastic about its support of the nomination of Brian Montgomery for Assistant Secretary for Housing/FHA Commissioner. We know what he has done and what he will do for housing in this country. No matter which side of the aisle reviews his credentials, he stands above politics as one who has the character to do what is right. We strongly recommend Brian Montgomery for Assistant Secretary for Housing and urge you to quickly confirm his nomination so he can begin serving the American people.

Sincerely,

A handwritten signature in black ink that reads "John G. Stevens". The signature is written in a cursive, flowing style with a large initial "J" and "S".

John G. Stevens, CRMS
President
NAMB – The Association of Mortgage Professionals