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September 13, 2018

The Honorable Rodney Frelinghuysen
Chairman
House Committee on Appropriations
H-305, The Capitol

The Honorable Nita M. Lowey
Ranking Member
House Committee on Appropriations
1016 Longworth HOB

The Honorable Mario Diaz-Balart
Chairman
Subcommittee on Transportation, HUD,
and Related Agencies
2358A Rayburn HOB

The Honorable David Price
Ranking Member
Subcommittee on Transportation, HUD,
and Related Agencies
2108 Rayburn HOB

Dear Chairman Frelinghuysen, Ranking Member Lowey,
Subcommittee Chairman Diaz-Balart and Ranking Member Price:

I am writing to express the strong support of the Housing Policy Council for \$20 million in funding for the modernization of the Federal Housing Administration's (FHA) Single Family technology systems, as you negotiate the final FY 2019 T-HUD Appropriations bill with your Senate colleagues. This funding is critically needed for FHA to make progress on the long overdue upgrading of FHA's computer and other technology systems. It is essential to enable FHA lending programs to better serve Americans seeking to become successful homeowners.

As you know, FHA's technology systems are in desperate need of significant modernization. Secretary Carson testified to the Committee in March that "*HUD absolutely needs to invest in FHA's information systems. FHA is built on a mainframe that is over four decades old. Staff at our homeownership centers still work on paper case files, which not only presents inefficiencies, but also poses numerous issues for quality control.*" This pressing need was also highlighted by the HUD OIG in its March 31, 2017 report to Congress: there are "*serious shortcomings in information technology (IT) systems, of which 87 percent are at or near the end of their life cycle. These systems include 400 IT products that no longer have technical support.*"

The Housing Policy Council's mortgage company members work with FHA every day to originate and service FHA loans for American homebuyers. Our members have repeatedly emphasized FHA's technology needs as one of the greatest obstacles to the operation of an efficient and effective mortgage system to serve Americans who have an FHA-insured mortgage or who are seeking to become homeowners through the FHA program. Helping FHA to become an agency with up-to-date 21st Century operations is critically important, particularly for first-time and low- and moderate-income borrowers who are pursuing the dream of homeownership.



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Therefore, we strongly support including \$20 million in funding for FHA technology modernization for Fiscal Year 2019. We appreciate that the Senate T-HUD bill contains this figure and we encourage you to include this funding as you work to complete a final T-HUD Bill for FY 2019.

Thank you for considering our views on this important issue and we welcome the opportunity to work with you to improve FHA's ability to serve Americans seeking to become homeowners.

Yours truly,

A handwritten signature in black ink that reads "Edward J. DeMarco". The signature is written in a cursive style.

Edward J. DeMarco
President
Housing Policy Council

CC:
Speaker Ryan; Majority Leader McCarthy
Minority Leader Pelosi