



# Archives

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SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
AT THE MORTGAGE BANKERS ASSOCIATION CONVENTION  
DENVER, CO  
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***As prepared for delivery. The speaker may add or subtract comments during his presentation.***

Thank you, Dave Motley, for that wonderful introduction, and thanks to the Mortgage Bankers Association for their gracious invitation to speak, and everyone here for listening. It's great to join the Honorable Mel Watt here today.

Before I dive into other topics, I would like to direct our hearts and minds to our fellow Americans still recovering and rebuilding in the wake of Hurricanes Irma, Harvey, and Maria as well as the fires in California.

In the face of great devastation and loss of life, our countrymen in the Gulf States, California, Puerto Rico, and the Virgin Islands have also shown great resilience. Fortunately, they have not had to "go it" alone. They have the support of their fellow citizens through courageous action and generosity. Our Administration has responded with vigor, led by FEMA, with other disaster relief agencies at every level of government, and they have the full support of HUD.

On a policy level, we are providing special mortgage relief through the Federal Housing Administration. HUD has granted a moratorium on foreclosures for FHA-insured properties in disaster-affected areas. We are extending it even longer, to protect these borrowers from foreclosures during the holidays and beyond. In addition, we offer loan forbearance and loan modifications for borrowers struggling to make payments in disaster-affected areas.

And to ensure that we don't shut off viable homeownership opportunities in these areas, we moved quickly to restore FHA lending in Florida by granting a waiver to certain rules on inspections.

We have also made available specific mortgage products for those impacted by disasters. Some homeowners whose properties were destroyed or damaged may be eligible for 100 percent financing through HUD's Section 203(h) program. This will enable them to rebuild or buy another home. In addition, homeowners can use Section 203(k) FHA insurance to refinance an existing mortgage into a new mortgage that covers the cost of repairs.

In addition, we're in the process of making other arrangements as part of our larger recovery efforts, including the coordination of Disaster Relief funding -- I hope you'll follow our progress in the coming weeks and months.

I am tremendously grateful for the work of my team, those in other federal agencies, those at the state and local level, and those of private institutions which have been invaluable to recovery efforts.

I'm certain there are many in this room who have joined the fight in some way. We know you are on the front lines of response to borrowers. Many of your firms are working right now with Americans who have been affected to help them stay in their homes, as they get back on their feet, by working with them on forbearance and modifications.

I know this is hard work, and I value the partnership we have with you to support homeowners during this difficult time. We dedicate it all to our fellow Americans who have suffered, that we may give them reason to rejoice again.

It is often said that owning a home is at the heart of the American Dream.

If this is so, then you, who help so many families achieve it, are the dream makers. You play an indispensable part in making it a good one.

And that's where your interests intersect with HUD's mission, and my passion.

Many past thinkers and politicians saw how the activities of industry and finance could affect the lives of their countrymen. They saw the intersection of private interests and the common good, and had very different thoughts about that relationship.

Some thought that commerce had to be subject to government, managed and controlled, because government was the only entity capable of having a moral compass or improving lives.

But the idea of private enterprise vs. the public welfare has always been a false choice.

This administration does not consider private business as a rival to government, or somehow opposed to the best interests of the American people.

Instead, private business is the activity of the American people exercising their rights in a free economy.

And our government exists to protect those rights.

Therefore, when pursuing HUD's mission to ensure safe, affordable housing for our countrymen, we cannot expect to achieve it by hindering the "dream makers," from bankers to builders.

We only hurt our own goals by making it harder to make responsible loans. Harder to build affordable housing. Harder to manufacture safe construction materials.

A country where it is easier to own a home, start a business, hire an employee, and get a job-that's a country we all want to create.

We do that by working together, while Americans themselves take the lead.

Across the nation, I have seen the successes of public/private partnerships, of churches and fraternal organizations, and of businesses which have made common cause with us in the welfare of their communities.

These alliances for prosperity work best when HUD and other branches of government facilitate cooperation, but do not run roughshod over private initiative and economic growth.

It is for this reason that our new Envision Centers will leverage public/private partnerships to improve outcomes in education and spur economic mobility for HUD-assisted families. We are prioritizing local control and solutions from citizens and the private sector, not top-down orders from Washington.

It is for this reason that the President has directed federal agencies to guard against burdening American families and their businesses with unnecessary and expensive regulations.

In keeping with his executive order, we have established a Regulatory Reform Task Force charged with identifying agency regulations that should be repealed, replaced or modified.

We are also rolling out improvements of particular interest to your field.

One of the most important principles in running HUD is to balance the fulfillment of our mission with protecting taxpayers.

Fulfilling our mission requires us to ensure that creditworthy borrowers have robust access to mortgage credit.

Without lenders willing to offer FHA-insured loans, or serve as Ginnie Mae issuers, the path to affordable credit access is undermined.

We have heard concerns on the part of some in the lender community about participating fully in our programs because of the undue risks they perceive from a lack of clarity in what we expect and exposure to outsized liability from immaterial errors.

Lenders have rightly pointed out that absolute perfection in the lending process cannot be achieved, and that borrowers bear the costs of compliance through higher mortgage rates. Other sectors of the market have made real progress in addressing these issues, creating more confidence to lend.

We have heard these concerns, and today I am very pleased to announce that HUD, in consultation with the Department of Justice, is committed to reviewing and addressing them.

Part of the process will entail a review by FHA of its lender certifications and the implementation of the defect taxonomy.

This review will benefit greatly from the extensive feedback received from lenders, and other stakeholders, in our request for input on regulatory reform conducted in response to the President's Executive Orders on burdensome regulations. Your feedback and recommendations will be invaluable.

HUD's objective from this effort is simple. We want every good lender who makes responsible loans, and services them well, to feel confident that they can participate fully in HUD's programs, serving borrowers and enabling housing to continue to spur our economy.

But, before we leave this subject there should be no lack of clarity about one key point: there will continue to be no room at FHA or Ginnie Mae for bad actors.

We are not open for business to fraudsters, those without proper controls, or those who do not take their obligations in our market seriously. They will be found out and held accountable. We must do this to protect taxpayers and the fiscal integrity of FHA and Ginnie Mae. For example, Ginnie Mae, in partnership with the Veteran's Administration, has created a Task Force to ensure that our veterans are not exposed to abusive lending practices such as churning. Refinancing of VA loans must truly benefit our veterans.

We've built an outstanding team to tackle all these challenges. I'm happy to have traveled here with a member of HUD's mortgage leadership team, Senior Advisor Adolfo Marzol, someone many of you know from his more than 30 years in mortgage finance.

In addition, as I recently told members of the House Financial Services Committee, I share a great personal interest with this Administration to tackle housing finance reform.

We are entering the tenth year of the government-sponsored enterprises, Fannie Mae and Freddie Mac, being placed into conservatorship, which is far too long for this issue to remain unresolved.

Moving forward, HUD will be an active participant in this critical dialogue because of our fundamental housing mission, and because our FHA mortgage insurance program and our Ginnie Mae mortgage-backed security guaranty are large and vital components of the housing finance system. In fact, next year Ginnie Mae will celebrate 50 years of successfully providing a federal guaranty on mortgage backed securities. Ginnie Mae's deep experience as administrator of this backstop, and the expertise developed in building a platform capable of handling nearly \$2 trillion in mortgages, can provide valuable insights to the reform discussion.

Of course, the details of housing finance reform have yet to be written. But I think there is a broad agreement that there is an opportunity for reform to ensure a well-functioning housing finance system for future generations that expands the role of the private sector and reduces taxpayer exposure. And, we must approach these questions comprehensively to avoid unintended consequences.

A lot of the federal government needs to be updated, to increase efficiency with the vast array of new technologies at our disposal. HUD is no exception. Our administration wants to modernize FHA, bringing its systems into the 21st century. This will enable us to serve our beneficiaries, protect taxpayers, and achieve our mission, quickly and sustainably. Since these improvements will surely benefit lenders that use FHA, I look forward to your support and cooperation in making these vital investments for our future common endeavors.

As we work together toward reform, I ask only for your good counsel, and your continued commitment to meeting the housing needs of American families.

That commitment is why I came to HUD. That is why I am here today.

And I believe that is why many of you are here today as well. Because we desire to live in a nation where all have a path to self-sufficiency. Where all may buy, build, and sell houses, and where no one is without shelter.

It is in the private interest. It is in the public interest. And it can be our mission, freely chosen, and freely shared.

I have often spoken of that great day to come when no family in our nation will want for housing, and every child will be warm, healthy, and safe.

But as America marches toward that goal, and it seems ever closer within reach, perhaps we may be forgiven a small vanity, and allow ourselves to wonder what that future generation will write in their history books.

What will they say about the beginning of the end of homelessness? Of the era when more and more Americans could afford homes? Of the time when independence and prosperity replaced generational poverty?

I know they will say it was a time of cooperation.

A time of good government.

A time of free enterprise.

A time of great charity.

I hope they will say: it was OUR time.

Thank you, and God Bless America.

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