



December 1, 2025

Vanessa A. Countryman  
Secretary  
Securities and Exchange Commission  
101 F Street NE  
Washington, DC 20549

Re: Concept Release on Residential Mortgage-Backed Securities Disclosures and Enhancements to Asset-Backed Securities Registration [Release Nos. 33-11391; 34-104102; File No. S7-2025-04]

Dear Ms. Countryman,

On behalf of the nation's state housing finance agencies (HFAs), the National Council of State Housing Agencies (NCSHA)<sup>1</sup> appreciates the opportunity to comment on the Securities and Exchange Commission's October 1 Concept Release on Residential Mortgage-Backed Securities Disclosures and Enhancements to Asset-Backed Securities Registration (hereafter the "Concept Release").

NCSHA commends the SEC for proactively examining its disclosure requirements for mortgage-backed securities (MBS) and other asset-backed securities (ABS) to ensure that they are not overly burdensome and inadvertently suppressing market activity. Modifying the MBS and ABS disclosure requirements could increase liquidity for governmental tax-exempt bonds, which are a subset of MBS, at a time when there is a substantial and growing need for affordable housing financing.

At the same time, we ask that SEC proceed cautiously in its efforts to streamline its MBS and ABS regulations to ensure that such proposals do not add to the regulatory burden imposed on state HFAs and other municipal bond issuers. Specifically, we ask that any adjustments made to the definition "asset-backed security" be written in such a manner that makes it clear that the definition does not apply to municipal securities. Otherwise, the SEC could unintentionally increase regulatory uncertainty for municipal issuers and reduce liquidity in the municipal bond market, including for two critical tools used address our nation's affordable housing crisis: single-family Mortgage Revenue Bonds (MRBs) and Multifamily Housing Bonds.

Further, while this issue is not directly addressed in the Concept Release, we ask that SEC adjust its Repurchase Request Disclosure Rule (Rule 15Ga-1) to exempt MRBs. Complying with Rule 15Ga-1 has increased costs for HFAs while providing little, if any, practical benefit.

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<sup>1</sup>NCSHA is a nonprofit, nonpartisan organization. None of NCSHA's activities related to federal legislation or regulation are funded by organizations that are prohibited by law from engaging in lobbying or related activities.

## **HFAs' and Housing Bonds' Critical Role in Affordable Housing**

HFAs are state-chartered housing agencies that operate in every state, the District of Columbia, New York City, Puerto Rico, and the U.S. Virgin Islands. They are primary providers of affordable home mortgage loans and down payment assistance, financing for affordable rental apartment development, and direct rental assistance, and many other affordable housing and community development programs.

Housing Bonds have historically served as HFAs' primary means of tapping the national capital markets to obtain funds to finance HFAs' affordable housing lending. HFAs utilize single-family Mortgage Revenue Bonds (MRBs) to help working families purchase their first homes. Through 2024, state HFAs have used MRBs to finance loans to help more than 3.5 million working families purchase a home. The MRB program is well-targeted by federal tax laws and state laws to assist those borrowers most in need. Seventy-one percent of MRB borrowers in 2024 earned at or below area median income (AMI), including nearly half who earned at or below 80 percent AMI.

Through Multifamily Bonds, HFAs finance the development of affordable rental housing that would otherwise not have been built in the private market. In total, state HFAs have financed more than 14,700 properties across the country using Multifamily Bonds, providing affordable rental housing to nearly 1.5 million families.

Multifamily Bonds also help to support the construction of properties financed by the Low-Income Housing Tax Credit (Housing Credit), many of which would not be built without such Bonds. The Housing Credit is our nation's most effective tool for financing the development of rental housing affordable to low-income Americans, and Multifamily Bonds are a key component. President Trump and Congress recognized the importance of the Housing Credit through The One Big Beautiful Bill Act, which increases each state's annual allocation of 9 percent Housing Credit authority by 12 percent and reduces the bond-financing threshold for 4 percent Housing Credit deals to allow twice as many such financings to move forward.

*Given the critical role that Housing Bonds play in the affordable housing finance market and the acute shortage of affordable homes impacting the entire nation, it is imperative that any changes made by SEC do not needlessly increase compliance costs on HFAs and divert resources away from their critical missions.*

## **Clearly Exempt Municipal Bonds from Asset-Backed Security Definition**

As SEC is aware, municipal bonds and securities have for the past 50 years been exempt from federal disclosure requirements under the various federal securities laws and under the Tower Amendment. As such, municipal bonds are generally exempt from SEC pre-issuance registration requirements, including those required under Regulation AB, through which SEC regulates ABSs. Municipal bonds have also not historically met the definition of an "Asset-Backed Security" under Regulation AB.

The Dodd-Frank Wall Street Reform Act directed the SEC to enact several new regulations pertaining to the ABS market and included its own statutory definition of "Asset-Backed Security" that the

SEC was directed to use when promulgating the rules. Consequently, the Dodd-Frank rules pertaining to ABS utilize a different definition of ABS than Regulation AB. One consequence is that some of the Dodd-Frank ABS rules apply to municipal bonds and municipal issuers (depending on whether SEC chose to exempt them or not) while Regulation AB does not.

The SEC, in an understandable effort to harmonize its ABS regulations, is soliciting input pursuant to the Concept Release on possible changes to the definition of “asset-backed security” in Regulation AB that would align it more closely with the definition used in Dodd-Frank or other SEC rules. All these proposals would replace the narrower ABS definition used in Regulation AB with more expansive definitions that also apply to municipal bonds. These new definitions could potentially require HFAs and other municipal bond issuers to begin complying with Regulation AB, which they have not had to do previously.

If this were to occur, HFAs and other issuers would still be exempt from pre-issuance disclosure requirements through the Tower Amendment. However, issuers may still feel compelled to fulfill all the Regulation AB presale requirements to protect against other aspects of securities law. For example, issuers may believe that they need Regulation AB’s presale requirements for ABS to ensure they fulfill their anti-fraud obligations. The impact would be increased compliance costs for state and local government entities who issue municipal bonds in the open market, reducing the amount of resources that can go toward the public purpose of the bond issue. For Housing Bonds, this would result in more administrative costs for HFAs and less funds available for affordable housing lending, counteracting the Trump Administration’s effort to address rising housing costs.

The exemption for municipal securities should apply to all types of municipal bonds, including conduit bonds. Conduit bond borrower entities raise capital via bonds issued through an HFA or other government entity via conduit issues. Conduit issues foster public-private partnerships that allow entities to access the lower financing costs that come from municipal securities to fulfil a public purpose.

While on their face, conduit municipal securities may appear similar to private ABS, they differ in several important ways, most notably they are used for a public purpose and not to maximize economic return. For example, some HFAs issue conduit Multifamily Housing Bonds to partner with private affordable housing providers and developers to build affordable housing for low and moderate-income households.

*While NCSHA does not have an opinion on what the optimal definition of “asset-backed security” in Regulation AB should be, we strongly urge SEC to ensure that it clearly and explicitly exempts municipal bonds and securities.*

### **Drop Unnecessary Disclosure Requirements for Mortgage Revenue Bonds**

Mandated by Dodd-Frank, the SEC’s Repurchase Request Disclosure (Rule 15Ga-1) requires ABS issuers to disclose information on fulfilled and unfulfilled repurchase requests related to breaches of representations and warranties. When the SEC first finalized the Rule in 2011, it delayed the requirement for municipal bond issuers for three years while it considered whether municipal securities should be exempt.

The SEC took no further action, however, and Rule 15Ga-1 has applied to relevant municipal securities since 2014.

Under this Rule, HFAs have been required to file a quarterly report, for every whole-loan MRB bond issue, on the number of times the HFA has had to ask one of its participating lenders to repurchase a loan the lender originated and that had been financed by the MRB. The requirement applies only to whole loan MRBs, as MBSs guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae are exempt.

This has resulted in increased compliance costs and obligations for HFAs with little to no benefit for the market. In general, it is very rare that HFAs have any repurchase activity to report, as their strong underwriting standards and quality control mean that loans that do not meet HFA program specifications are flagged before the HFA purchases the loan. Further, our discussions with market participants suggest that MRB investors don't generally consult such reports.

*In short, while HFAs' administrative costs associated with complying with Rule 15Ga-1 are not substantial, the disclosures are unnecessary, add no value, and direct resources away from affordable housing lending at a time when such financing is more needed than ever. NCSHA suggests that SEC exempt MRBs and all municipal securities from this Rule.*

Thank you for your consideration. We would be happy to discuss these issues with you at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Garth Rieman", with a long horizontal flourish extending to the right.

Garth Rieman  
Director, Housing Advocacy and Strategic Initiatives