



October 5, 2020

The Honorable Mark Calabria  
Director  
Federal Housing Finance Agency  
400 7<sup>th</sup> Street, SW  
Washington, DC 20219

Re: 2021-2024 FHFA Strategic Plan

Dear Director Calabria:

The Indiana Credit Union League (ICUL) appreciates the opportunity to provide input regarding the Federal Housing Finance Agency's (FHFA) 2021-2024 strategic plan. The ICUL member credit unions represent 99% of assets and members of Indiana's credit unions, with those memberships totaling more than 2.6 million consumers.

We support FHFA's strategic goals for its oversight; however, we want to stress the importance that the goals and strategies should not result in negatively impacting credit union and other small lender access to secondary markets. We continue to support the Credit Union National Association's Housing Reform Principles which include:

- Equal secondary mortgage market access to lenders of all sizes on an equitable basis;
- An emphasis on affordability, in recognition of the fact that smaller lenders, such as credit unions, often meet mortgage needs that banks are unwilling or unable to address in rural and working-class communities that require greater flexibility in underwriting requirements;
- A reasonable and orderly transition to a new housing finance system;
- Strong oversight and supervision to ensure the safety and soundness of secondary market entities;
- Durability, by including an explicit federally insured or guaranteed component to ensure that, even in troubled economic times, the secondary mortgage market continues to exist; and
- Preserving what works, such as cost-effective and member-oriented credit union mortgage servicing options, emphasizing consumer education and home-purchase counseling, and applying reasonable conforming loan limits that adequately consider local real estate expenses in higher cost areas.

With these principles in mind, we offer the following input regarding the 2021-2024 strategic plan.

ICUL believes FHFA should ensure safety and soundness of regulated entities, along with FHFA ensuring accountability, effective governance and an equal playing field for all participants, especially smaller entities. The playing field needs to be fair for both large and small lenders. FHFA should consider removing volume discounts and similar barriers for smaller lenders. By working and consulting with credit unions and credit union service organizations, FHFA can better understand smaller lender challenges, along with supporting housing finance and meeting the needs of low and moderate-income borrowers.

We support the concept of re-capitalizing the GSEs; however, we are concerned with any approach that establishes a capital framework that is too focused on what occurred in 2008 and does not adequately take into consideration regulatory changes that have occurred since. In addition, we believe a full impact

analysis on mortgage pricing should be completed. The revised capital structure could ultimately reduce affordability, and therefore access, to mortgage funding for this market segment.

We also support the FHFA's goal to position the Agency as a model of operational excellence by strengthening the workforce and infrastructure. By recruiting high quality and diverse individuals, FHFA will position itself for strong oversight and supervision, and also emphasize diversity, equity and inclusion.

We appreciate the opportunity to provide input. We believe in a strong secondary market accessible to all mortgage lenders. However, it is important that any new goals and strategies not be constructed in such a way that it deters access or increases the cost to the consumer for a mortgage loan to the point where low to moderate-income consumers are priced out of the market. If you have any questions about our letter, please do not hesitate to give me a call at (317) 594-5320.

Sincerely,

A handwritten signature in black ink that reads "John McKenzie". The signature is written in a cursive style with a large, stylized "J" and "M".

John McKenzie  
President, Indiana Credit Union League