

October 5, 2020

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

Re: 2021-2024 FHFA Strategic Plan

Dear Director Calabria:

On behalf of the 2.2 million credit union members we represent, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on the 2021-2024 Federal Housing Finance Agency (FHFA) Strategic Plan.

Pursuant to the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Housing and Economic Recovery Act of 2008, the FHFA is responsible for the prudential oversight of the Federal Home Loan Banks (FHLBanks) System, the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac, and together with Fannie Mae, the GSEs). Pursuant to those statutory authorities, FHFA's mission is to ensure those regulated entities operate in a safe and sound manner consistent with the mandates of their authorizing statutes. Although FHFA exercises its authority as a regulator and supervisor of the FHLBanks and GSEs, it has also served as conservator of the GSEs since 2008.

In its Strategic Plan: Fiscal Years 2021-2024 (Strategic Plan) FHFA established the following 3 goals for its oversight:

1. Ensure safe and sound regulated entities through world-class supervision;
2. Foster competitive, liquid, efficient, and resilient (CLEAR) national housing finance markets; and
3. Position the Agency as a model of operational excellence by strengthening the workforce and infrastructure.

The Strategic Plan also contains several objectives necessary to accomplish these goals, and documents some of the impediments that could prevent them from being reached.

HCUA strongly supports the three strategic goals included in FHFA's strategic plan. As member-owned, not-for-profit financial cooperatives, America's credit unions are at the heart of the FHLBanks' and GSEs' statutory missions. The FHLBanks were chartered in 1932 with a mission is to provide reliable liquidity to member institutions to support housing finance and community investment. In 1934, the Federal Credit Union Act was enacted so that federally chartered credit unions could promote thrift among their members and meet the credit needs of low and moderate income borrowers who had difficulty getting financing from a traditional bank. Four years later, Fannie Mae was created to ensure a robust secondary market existed that would provide liquidity to primary mortgage lenders, even amidst the difficult economic circumstances of the Great Depression.

Today, credit unions derive significant benefits from being a part of the FHLBanks system and from the work of the GSEs. The FHLBanks provide their credit union members with funding and liquidity, allowing them to effectively provide affordable credit to their communities.

6800 College Boulevard
Suite 300
Overland Park, KS 66211

223 Madison Street
Jefferson City, MO 65101

2043 Woodland Parkway
Suite 200
Saint Louis, MO 63146

901 SW Topeka Boulevard
Topeka, KS 66612

2544 North Maize Court
Suite 100
Wichita, KS 67205

Strategic Goal #1: Ensure safe and sound regulated entities through world-class supervision

As reflected in our *Credit Union Principles for GSE Reform*, HCUA believes that strong oversight and supervision is a required to protect the safety and soundness of the FHFA regulated entities through all economic cycles. The important public missions of the FHLBanks and GSEs cannot be carried out effectively unless FHFA ensures accountability, effective corporate governance and creates an equal playing field for all market participants, including our nation's credit unions.

Pursuant to the objective of world-class supervision, the strategic plan states that the regulated entities must strengthen relationships with other financial institutions regulators, financial standard-setters, and industry stakeholders to share best practices and leverage knowledge of emerging issues. HCUA and its member credit unions stand ready and willing to strengthen relationships with FHFA and the regulated entities through more frequent consultations, information sharing and engagements that will help all parties meet their mutually beneficial missions.

Regarding the objective of responsibly ending the conservatorships of the GSEs, HCUA reiterates its support for re-capitalizing the GSEs and ending the conservatorship, provided that FHFA responsibly balances the GSEs retained capital obligations with the flexibility needed to meet their mandates for the benefit of low- and moderate-income communities.

Strategic Goal #2: Foster competitive, liquid, efficient, and resilient (CLEAR) national housing finance markets

One of the most important credit union principles for reforming the GSEs is ensuring that the secondary mortgage market is open to lenders of all sizes on an equitable basis. In his message preceding the Strategic Plan, Director Calabria states that FHFA has instructed the GSEs to support strategies that foster a competitive secondary mortgage market in which the rules and regulations apply equally to all participants. Furthermore, the Strategic Plan states that FHFA must ensure a fair playing field for large and small lenders when doing business with the regulated entities. We strongly support this strategic objective and notes that removing volume discounts or similar barriers for smaller lenders is a critical prerequisite for ensuring that FHFA fosters a clear national housing finance market.

As previously mentioned, HCUA also strongly agrees with FHFAs objective of ensuring regulated entities fulfill their statutory missions to support affordable housing, community development and diversity and inclusion requirements. Making that objective equal to those related to ending the conservatorship will go a long way towards alleviating concerns that capitalization standards receive more attention from FHFA than the mission-oriented work of the regulated entities.

We also strongly support the objective of positioning FHFA as a leader in providing public information and analysis of the housing finance market.

Strategic Goal #3: Position the Agency as a model of operational excellence by strengthening the workforce and infrastructure

Finally, HCUA is pleased to see the efforts FHFA is undertaking to help strengthen its workforce, particularly through recruiting a high quality, diverse workforce. As HCUA President and CEO Jim Nussle has said, diversity, equity and inclusion (DEI) is in credit unions' DNA. Working together, credit unions, FHFA and other housing finance market participants can create opportunities for professionals of diverse backgrounds and strengthen our industry and the communities we serve as a result.

As always, we appreciate the opportunity to review this issue. We will be happy to respond to any questions regarding these comments.

Sincerely,

A handwritten signature in black ink that reads "Bradley D. Douglas". The signature is written in a cursive style with a large initial 'B'.

Brad Douglas
President/CEO