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January 15, 2015

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA73
Federal Housing Finance Agency
400 Seventh Street SW, Eighth Floor
Washington, D.C. 20024

RE: Housing Trust Fund; Interim Final Rule; Request for Comments RIN 2590-AA73

Dear Mr. Pollard:

The Independent Community Bankers of America¹ welcomes the opportunity to comment on the above referenced Interim Final Rule. The Federal Housing Finance Agency (FHFA) is requesting comments as it implements section 1131(b) of the Housing and Economic Recovery Act of 2008 which directs the Secretary of Housing and Urban Development (HUD) and the Secretary of the Treasury to establish the Housing Trust Fund (HTF) and the Capital Magnet Fund (CMF) respectively, which are funded by allocations from Fannie Mae and Freddie Mac (GSEs). Even though the HTF is administered by HUD and the CMF is administered by the Secretary of the Treasury, the Director of FHFA has general regulatory authority over the GSEs and is responsible for oversight of the GSEs for the purposes of the Safety and Soundness Act of 1992.

Section 1337 of the Safety and Soundness Act requires the Director to issue an Interim Final Rule which prohibits the GSEs from passing the costs of the allocation of revenues from the GSEs to the HTF and CMF onto the mortgage originators that sell or securitize mortgage loans with the GSEs. ICBA has no comments or suggestions regarding the proposed Interim Final Rule.

¹ *The Independent Community Bankers of America® (ICBA), the nation's voice for more than 6,500 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services.*

ICBA members operate 24,000 locations nationwide, employ 300,000 American, hold \$1.3 trillion in assets, \$1 trillion in deposits and \$800 billion in loans to consumers, small businesses and the agricultural community. For more information, visit www.icba.org.

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However, ICBA does have serious concerns regarding the recent action by the Director of the FHFA to direct the diversion of revenues from the GSEs to fund the HTF and the CMF. This action puts the overall financial stability of both GSEs at great risk and ICBA urges the Director of FHFA to reconsider and halt this action.

The GSEs were placed in conservatorship by the FHFA in September of 2008, and have been effectively under full control of the United States Government for over six years. While both GSEs are currently solvent and have returned more than \$200 billion in revenues to the U.S. Treasury, as per the terms of their Senior Preferred Share Agreements, neither institution is currently able to return to private shareholder control, ownership and management. Neither institution has sufficient equity capital to support their ongoing operations.

As the sole safety and soundness regulator for the over \$4 trillion in outstanding mortgage obligations from the GSEs, ICBA urges the Director to rescind the decision to divert GSE revenues to fund both the HTF and CMF and to immediately direct the GSEs to retain a minimum level of revenues to begin to rebuild capital to support their operations. Diverting GSE revenues for purposes other than rebuilding capital puts both GSEs at risk of failure again, which will further constrain the housing market, and put both the U.S. economy and U.S. taxpayers at risk.

We appreciate the opportunity to comment on this proposed Interim Final Rule. If you have any questions regarding this letter, please contact the undersigned at ron.haynie@icba.org.

Sincerely,

Ron Haynie
Senior Vice President-Mortgage Finance Policy
Independent Community Bankers of America

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