



WASHINGTON, D.C.

99 M Street SE  
Suite 300  
Washington, D.C. 20003-3799

Phone: 202-638-5777

Fax: 202-638-7734

August 31, 2020

Alfred M. Pollard, General Counsel  
Attention: Comments/RIN 2590-AA95  
Federal Housing Finance Agency  
Eighth Floor, 400 Seventh Street SW  
Washington, DC 20219

Re: Enterprise Regulatory Capital Framework/RIN 2590-AA95

Dear Mr. Pollard:

The Credit Union National Association (CUNA) proudly represents America's credit unions and their 120 million members. On behalf of our members, we are writing in response to the Federal Housing Finance Agency's (FHFA's) notice of proposed rulemaking and request for comments on updated capital requirements for the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac, and together with Fannie Mae the GSEs).<sup>1</sup>

## BACKGROUND

On September 6, 2008, in response to solvency concerns that arose when the financial crisis severely crippled America's housing market, FHFA placed the GSEs into conservatorship.<sup>2</sup> One day later, the U.S. Department of the Treasury entered into Senior Preferred Stock Purchase Agreements (SPSPAs) with the GSEs to "(i) provide stability to the financial markets; (ii) prevent disruptions in the availability of mortgage finance; and (iii) protect the taxpayer."<sup>3</sup> The SPSPAs were amended three times after that, and in total Fannie Mae drew down \$116 billion from the Treasury and Freddie Mac drew down \$71 billion.<sup>4</sup>

The inadequacy of the GSEs' previous capital reserves is commonly cited as the primary reason why they were unable to withstand mortgage losses during the financial crisis. For example, the Financial Crisis Inquiry Commission (FCIC) described the GSEs as "the kings of leverage . . . [whose] combined leverage ratio, including loans they owned and guaranteed, stood at 75 to 1," meaning that for every \$75 in assets held by the GSEs, they held only \$1 in capital to cover losses.<sup>5</sup> Recently, FHFA and the Treasury have taken significant steps to recapitalize the GSEs in preparation for an end to the long running

---

<sup>1</sup> Enterprise Regulatory Capital Framework, 85 Fed. Reg. 39274 (June 30, 2020).

<sup>2</sup> See *History of Fannie Mae and Freddie Mac Conservatorship*, available at <https://www.fhfa.gov/Conservatorship/Pages/History-of-Fannie-Mae--Freddie-Conservatorships.aspx>.

<sup>3</sup> See *Senior Preferred Stock Purchase Agreements*, available at <https://www.fhfa.gov/Conservatorship/Pages/Senior-Preferred-Stock-Purchase-Agreements.aspx>.

<sup>4</sup> See Enterprise Regulatory Capital Framework, 85 Fed. Reg. 39281 at fn 16.

<sup>5</sup> See Conclusions of the Financial Advisory Inquiry Commission, available at [http://fcic-static.law.stanford.edu/cdn\\_media/fcic-reports/fcic\\_final\\_report\\_conclusions.pdf](http://fcic-static.law.stanford.edu/cdn_media/fcic-reports/fcic_final_report_conclusions.pdf).

conservatorship. On December 21, 2017, Treasury and the GSEs entered into a letter agreement to allow the GSEs to retain a \$3 billion capital reserve, quarterly.<sup>6</sup> On June 12, 2018, FHFA issued a proposed rule for GSE capital requirements, which would “implement a new framework for risk-based capital requirements and a revised minimum leverage capital requirement for the Enterprises.”<sup>7</sup> At the time, FHFA explained that the new capital requirements would be suspended until the conservatorship ends, but invited views from industry stakeholders, including CUNA, on the potential impacts of the framework. On September 30, 2019, Treasury and FHFA announced amendments to certain Treasury-held GSE stock certificates that permitted Fannie Mae to maintain capital reserves of \$25 billion and Freddie Mac to maintain capital reserves of \$20 billion.<sup>8</sup> That announcement coincided with a broader Treasury plan for reforming and recapitalizing the GSEs and ending the conservatorship.<sup>9</sup>

On June 30, 2020, FHFA published this new regulatory capital framework, which builds upon the foundation of the 2018 proposal. In this re-proposed framework, FHFA provides a detailed set of enhancements to the 2018 outline, including changes to definitions, required inputs for financial calculations, capital cushions, and overlapping capital thresholds that the GSEs will need to meet. This proposal also emphasizes certain types of high-quality reserves that are more readily able to absorb unanticipated losses. In this latest proposal, FHFA states that the changes are designed to achieve three primary objectives:

1. Preserve the mortgage risk-sensitive framework of the 2018 proposal, with simplifications and refinements;
2. Increase the quantity and quality of the regulatory capital of the Enterprises to ensure that, during and after conservatorship, each Enterprise operates in a safe and sound manner and is positioned to fulfill its statutory mission to provide stability and ongoing assistance to the secondary mortgage market across the economic cycle; and
3. Address the pro-cyclicality of the risk-based capital requirements of the 2018 proposal, also in furtherance of the safety and soundness of the Enterprises and their countercyclical mission.<sup>10</sup>

The resulting obligations for the GSEs would require them to achieve the following risk-based capital reserves and leverage ratios:

- Total capital not less than 8% of risk-weighted assets;
- Adjusted total capital not less than 8% of risk-weighted assets;
- Tier 1 capital not less than 6% of risk-weighted assets; and
- Common equity tier 1 capital not less than 4.5 percent of risk-weighted assets.
- Core capital not less than 2.5 percent of adjusted *total* assets;
- Tier 1 capital not less than 2.5 percent of adjusted *total* assets.<sup>11</sup>

---

<sup>6</sup> See *Senior Preferred Stock Purchase Agreements*, available at <https://www.fhfa.gov/Conservatorship/Pages/Senior-Preferred-Stock-Purchase-Agreements.aspx>.

<sup>7</sup> See *FHFA Issues Proposed Rule on Enterprise Capital*, available at <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Issues-Proposed-Rule-on-Enterprise-Capital.aspx>.

<sup>8</sup> Id.

<sup>9</sup> See U.S. Department of the Treasury Housing Reform Plan, available at <https://home.treasury.gov/system/files/136/Treasury-Housing-Finance-Reform-Plan.pdf>.

<sup>10</sup> Enterprise Regulatory Capital Framework, 85 Fed. Reg. 39274, 39275 (June 30, 2020).

<sup>11</sup> Id. (emphasis added). The definitions of total capital and core capital are statutorily established by the Federal Housing Enterprises Financial Safety and Soundness Act, Public Law 102-550, 106 Stat. 3941 (1992), as amended

This detailed proposal requests comment on 107 discrete questions related to the adequacy and effectiveness of these changes to the GSE capital requirements, many of them of a technical nature.

## **GENERAL COMMENTS<sup>12</sup>**

As CUNA mentioned in our November 15, 2018, response to FHFA's initial GSE capital proposal, we support FHFA's efforts to ensure that Fannie Mae and Freddie Mac have strong capital requirements that will allow them to withstand an economic downturn and provide liquidity to the mortgage market without taxpayer intervention.<sup>13</sup> We applaud this continued effort to ensure capital requirements are part of a strong supervisory regime that ensures the safety and soundness of the GSEs during various economic cycles. Such supervision is a key component of CUNA's Housing Reform Principles, which include:

- Equal secondary mortgage market access to lenders of all sizes on an equitable basis;
- A neutral third party in the secondary market, independent of any firm that has any other role or business relationship in the mortgage origination and securitization process, with its sole role as a conduit to the secondary market;
- 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.<sup>14</sup>

We view this new capital framework proposal through the lens of these principles, and respectfully offer the following general comments and specific responses to questions posed in your proposal.

---

by the Housing and Economic Recovery Act, Public Law 110–289, 122 Stat. 2654 (2008). The definitions of adjusted total capital, tier 1 capital, and CET1 capital would be defined based on the framework developed by the Basel Committee on Bank Supervision (Basel Framework) and certain adaptations of the Basel Framework adopted by U.S. banking regulators.

<sup>12</sup> Although the general comments herein may be responsive to several specific questions posed in this GSE capitalization framework, for ease of review please consider comments that do not refer to a specific question as a response to question 107, requesting comment on any aspect of the proposed rule.

<sup>13</sup> See CUNA Comments to Enterprise Capital Requirements Proposed Rule (November 15, 2020) available at [https://www.cuna.org/uploadedFiles/Advocacy/Priorities/Removing\\_Barriers\\_Blog/EnterpriseCapitalComment111518.pdf](https://www.cuna.org/uploadedFiles/Advocacy/Priorities/Removing_Barriers_Blog/EnterpriseCapitalComment111518.pdf).

<sup>14</sup> See, e.g., Credit Union Principles for Housing Finance Reform, available at [https://www.cuna.org/uploadedFiles/Advocacy/Related\\_items/Credit-Union-Principles-for-Housing-Finance-Reform.pdf](https://www.cuna.org/uploadedFiles/Advocacy/Related_items/Credit-Union-Principles-for-Housing-Finance-Reform.pdf)

## **Balance Mortgage Affordability with GSE Capital Requirements**

Like the 2018 proposal, this framework does not contain an explicit analysis of the potential impact the proposed alternative capital reserve approaches and leverage ratios may have on mortgage pricing. As not-for-profit, financial cooperatives, credit unions have a specified mission “to meet the credit and savings needs of consumers, especially persons of modest means.”<sup>15</sup> Pursuant to that mission, in 2019 alone, credit unions originated a record of almost \$180 billion in first-lien mortgages, selling over 35% into the secondary mortgage market.<sup>16</sup>

Because credit unions have, in recent years, become even larger participants in the first lien mortgage market, we reiterate our 2018 request that FHFA establish capital requirements for the GSEs only after conducting an explicit analysis, published for comment, of their potential impact on the affordability of mortgages for low and moderate income borrowers. While credit unions and their members, like other participants in the mortgage market, must be prepared to pay higher GSE-related fees than they otherwise would in the absence of substantial capital requirements, the amount paid should be no higher than necessary for the GSEs to have reasonable capital reserves that allow them to responsibly carry out their mission.

Given the GSEs size and complexity as financial institutions, the proposal’s extensive discussion, comparisons and use of capital requirements arising from the Basel Framework and U.S. banking regulations are understandable. However, the proposal does not provide the same rigorous analysis of ways that the GSEs explicit public purpose differentiates them from the entities regulated under those frameworks.<sup>17</sup> For example, Fannie Mae’s charter states that one of its primary purposes is to “provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing.”<sup>18</sup> The importance of mortgage affordability as part of the core mission of the GSEs cannot be overstated since, like many federal credit unions, it is inextricably shaped by Depression-era concerns with access to credit for people of modest means. 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.<sup>19</sup> Four years later, Fannie Mae was created to ensure a robust secondary market existed that would provide liquidity to primary mortgage lenders, even in those difficult economic circumstances.<sup>20</sup> In the decades since the Depression, credit unions have consistently met their obligations to provide appropriate, safe and affordable credit to low and moderate income members, including those seeking safe, sustainable mortgage products. Accordingly, the FHFA should undertake and provide an analysis of pricing impacts of the alternatives it is proposing in this framework and request public comment prior to adopting a final rule for the GSEs.

---

<sup>15</sup> Credit Union Membership Access Act, Pub. L. No. 105-219, § 2(4), 112 Stat. 913, 914 (1998).

<sup>16</sup> Sources: National Credit Union Administration (NCUA) credit union call report data; CUNA analysis.

<sup>17</sup> See, e.g., Enterprise Regulatory Capital Framework, 85 Fed. Reg. 39274 at 39288-39289. (June 30, 2020).

<sup>18</sup> See, 12 U.S.C. §1716.

<sup>19</sup> 12 USC § 1751 *et al.*

<sup>20</sup> 12 U.S.C. §1716 *et al.*

## **Ensure that the Capital Framework Recognizes Regulatory Changes Since the 2008 Financial Crisis**

While it is understandable and even laudable that this proposal uses the financial crisis that caused the GSEs to be placed into conservatorship as a baseline for measuring the efficacy of its capital proposals, doing so runs the risk of overemphasizing the lessons of that crisis and requiring more capital reserves than necessary for reasonable market fluctuations. If the GSEs keep more capital on hand than necessary, those funds are not available to invest in and carry out their core mission of providing liquidity to the primary mortgage market.

FHFA acknowledges this risk by noting that “[a] disproportionate share of the Enterprises’ crisis-era credit losses . . . arose from certain single-family mortgage exposures that are no longer eligible for acquisition by the Enterprises.”<sup>21</sup> Despite this recognition, however, many details of this proposal are examined and described in the context of what it would have meant to the GSEs during the Great Recession.<sup>22</sup> If the primary metric for the efficacy of these proposed changes are the types of losses that occurred in the prior crisis without explicit recognition of the marked improvements to the mortgage regulatory environment in the intervening years, then the capital requirements are likely to be larger than necessary to protect the GSEs from reasonable current risks.

This is particularly a concern for credit unions, which were not significantly involved with the toxic subprime loan products that were used extensively by correspondent lenders and commercial banks in the run up to that crisis. As a result of their maintenance of sound underwriting requirements for its members, credit unions fared better than banks and correspondent lenders during that challenging housing cycle. Recent research bears this out, indicating that while “bank delinquencies as a percentage of total loans rose more than sevenfold from 0.75% in 2006 to 5.60% in 2009; [...] credit union delinquencies rose from 0.73% in 2006 to just 1.82% in 2009.”<sup>23</sup> Now that post-crisis regulatory reforms have reduced incentives for the subprime or exotic mortgage products that featured so prominently in that crisis, the capital requirements of GSEs should not be established as if those products still posed the same risk.

The proposal defends this discounting of recent changes in mortgage regulation and products, in part, by stating that “. . . the sizing of regulatory capital requirements must take into account the modeling risk posed by the attribution of such losses to specific product characteristics . . . [and] . . . must guard against potential future relaxation of underwriting standards and regulatory oversight over those underwriting standards.”<sup>24</sup> However, despite the ever-present potential for modeling risk, any future relaxation of underwriting standards and regulatory oversight does not pose a serious impediment to evaluating current capital requirements in light of the post-crisis regulatory environment. This latest capital framework, proposed in 2020 and based extensively on loss data from 2009, can and presumably will be amended as necessary to respond to changes to risks and risk mitigation in future mortgage markets. If the baseline concern is actually that amendments may not or will not come to pass, then this capital framework could be tweaked now to alter the GSEs capital requirements *if* and *when* future underwriting is significantly loosened, perhaps with additional risk weights. Planning *ex ante* for a future of less stringent underwriting standards and regulatory oversight runs the risk of overcapitalizing the GSEs from the outset and unnecessarily compromising their ability to carry out their important missions.

---

<sup>21</sup> Enterprise Regulatory Capital Framework, 85 Fed. Reg. 39274 at 39289 (June 30, 2020).

<sup>22</sup> See, e.g., Enterprise Regulatory Capital Framework, 85 Fed. Reg. 39274 at 39282, Table 4 (June 30, 2020).

<sup>23</sup> See Jordan van Rijn and Kangli Li, *Credit Union and Bank Subprime Lending in the Great Recession*, December 19, 2019, available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3506873](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3506873).

<sup>24</sup> Enterprise Regulatory Capital Framework, 85 Fed. Reg. 39274 at 39294 (June 30, 2020).

## SPECIFIC COMMENTS IN RESPONSE TO STATED QUESTIONS

Below are CUNA’s responses to a subset of the FHFA’s 107 questions that most impact credit unions and credit union service organizations.

### **Modified Loans Re-performing Beyond 4 Years Should be Reclassified as Performing Loans for Purposes of Establishing Base Risk Weights and Certain Forbearance and Payment Forgiveness Programs Should Not be Classified as Modified Re-performing Loans – Questions 32, 33, 37 and 38.**<sup>25</sup>

In one proposed approach for calculating the GSEs’ credit risk capital needs, this notice states that “[t]he standardized credit risk-weighted assets for each single-family mortgage exposure would be determined using grids and risk multipliers that together would assign an exposure-specific risk weight based on the risk characteristics of the single-family mortgage exposure.”<sup>26</sup> This standardized approach involves a table of base risk weights indicating GSE exposure to various types of single-family mortgages, including (from lowest risk to highest) performing loans, non-modified re-performing loans, modified re-performing loans and non-performing loans.<sup>27</sup> While we recognize that, for some period of time, a modified re-performing loan may be at an elevated risk of becoming non-performing again, the table of base risk weights should recognize that, after a certain amount of time has passed, modified loans become performing loans again.<sup>28</sup> The failure to treat modified re-performing loans in this manner is rendered even more puzzling by the fact that a non-modified re-performing loan are classified as a performing loan after 4 years of timely payments.<sup>29</sup>

In their capacity as loan servicers, credit unions and credit union service organizations work hard to modify loans and find solutions that allow borrowers in financial distress to stay in their homes with manageable payments. Like all mortgage servicers, they perform those modifications in the context of significant regulatory and contractual obligations, and any resulting modifications often require a trial period to determine if it is a sustainable solution for that borrower. In recognition of these facts, modified non-performing loans that lead to sustainable payments over a 4-year period essentially become performing loans again and should be classified as such in the risk-based capital reserve structure contemplated by this proposal. This approach would also better align with the “Risk Multipliers” that also help determine capital requirements, particularly given FHFA’s recognition that “[i]n general, higher

---

<sup>25</sup> Id. at 39307 (“Question 32. Are the base risk weights single-family mortgage exposures appropriately formulated and calibrated to require credit risk capital sufficient to ensure each Enterprise operates in a safe and sound manner and is positioned to fulfill its statutory mission across the economic cycle? Question 33. Are there any adjustments, simplifications, or other refinements that FHFA should consider for the base risk weights for single-family mortgage exposures? . . . Question 37. Should a delinquency associated with a COVID–19-related forbearance cause a single-family mortgage exposure to become an NPL? Question 38. Which, if any, types of forbearances, payment plans, or modifications should be excluded from those that cause a single-family mortgage exposure to become a modified RPL? Should a forbearance, payment plan, or modification arising out of a COVID–19-related forbearance request cause a single-family mortgage exposure to become a modified RPL?”)

<sup>26</sup> Enterprise Regulatory Capital Framework, 85 Fed. Reg. 39274 at 39303 (June 30, 2020).

<sup>27</sup> Id. at 39304 (noting, in relevant part, that a non-performing loan (NPL) is any single-family mortgage that is 60 days or more past due, a modified re-performing loan has previously been modified or entered a repayment plan but is not an NPL, a non-modified re-performing loan has not been previously modified or entered a repayment plan, and has been an NPL at any time in the last 48 calendar months, and a performing loan is a single-family mortgage exposure that is current and does not meet any of the prior definitions.)

<sup>28</sup> Id. at 39306 (“Unlike non-modified RPLs, modified RPLs never revert to being classified as performing loans, even after four or more years of re-performance.”)

<sup>29</sup> Id. at 39305.

payment reductions tend to reduce the likelihood of future default, so single-family mortgage exposures with higher payment reductions from modifications would have a lower capital requirement.”<sup>30</sup>

Given the interplay of the “Base Risk Weights” and “Risk Multiplier” treatment of modified re-performing loans, it may be simpler and more effective to simply allow some types of modifications to remain outside of the modified re-performing loan definition. In particular, the FHFA’s COVID-19 payment deferral program, which allows temporary forbearances due to COVID-related reductions to simply be treated as deferred payments due upon sale or refinancing of the home or at the end of the loan term, should not be considered a modified loan for the purposes of this framework.<sup>31</sup> Similar payment forbearance programs should be granted the same classification as non-modified re-performing loans or performing loans, because the temporary forbearance combined with deferred repayment should not substantially raise the risk of borrower default on the forborne amounts.

**The Risk Multipliers Contemplated for Single-Family Mortgage Exposure are Largely Reasonable, but The Threshold for the Safest DTI’s Should be Raised to 43% – Questions 42 and 43.**<sup>32</sup>

As mentioned briefly above, the proposed rule requires the GSEs to adjust the base risk weights for certain single-family mortgage exposures to account for additional characteristics using a set of risk multipliers.<sup>33</sup> These risk multipliers include such standard items as loan purpose, occupancy type, etc. CUNA understands and generally supports the inclusion of such multipliers, and is particularly pleased to see “origination channel,” included as one of those criteria.<sup>34</sup> We appreciate the implicit recognition that credit union-originated mortgages pose no baseline risk to the GSEs when compared to those originated by third-party brokers or loan correspondents.

One change we would like to see is an increase to the upper end of Debt to Income (DTI) ratio eligible for the baseline 1.0 multiplier, which is currently proposed at between 25 percent and 40 percent.<sup>35</sup> This higher end should be raised to 43% to match the DTI ratio that has been historically utilized by the Consumer Financial Protection Bureau’s (CFPB’s) Qualified Mortgage (QM) rule.<sup>36</sup> Although we have often pointed out the arbitrary nature of the QM’s 43% DTI level when credit unions have been able to originate safe and sustainable mortgages at higher ratios, there is no reason for this GSE capital rule to lower that threshold even further by assuming that loans with DTI ratios above 40% have appreciably greater risk than the loans the CFPB’s QM standard allows.

---

<sup>30</sup> Id. at 39311.

<sup>31</sup> See FHFA Announces Payment Deferral as New Repayment Option for Homeowners in COVID-19 Forbearance Plans, available at <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-Payment-Deferral-as-New-Repayment-Option-for-Homeowners-in-COVID-19-Forbearance-Plans.aspx#:~:text=In%20response%20to%20the%20COVID,borrower%20after%20the%20forbearance%20ends> (May 13, 2020).

<sup>32</sup> Enterprise Regulatory Capital Framework, 85 Fed. Reg. 39274 at 39311-39312 (June 30, 2020) (“Question 42. Are the risk multipliers for single-family mortgage exposures appropriately formulated and calibrated to require credit risk capital sufficient to ensure each Enterprise operates in a safe and sound manner and is positioned to fulfill its statutory mission across the economic cycle? Question 43. Are there any adjustments, simplifications, or other refinements that FHFA should consider for the risk multipliers for single-family mortgage exposures?”)

<sup>33</sup> Id. at 39309.

<sup>34</sup> Id. at 39311.

<sup>35</sup> Id.

<sup>36</sup> See Ability-to-Repay and Qualified Mortgage Standards Under the Truth in Lending Act (Regulation Z), 78 Fed. Reg. 6407 (January 10, 2014).

**The Various Capital and Leverage Requirements of this Rule and Resulting Enforcement Activity Should be Phased in Over an Extended Period of Time to Allow for Capitalization of the GSEs Without Disrupting the Mortgage Market – Questions 7, 29, 89, 90 and 105.<sup>37</sup>**

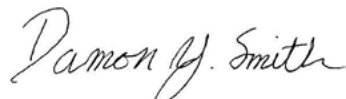
On several occasions, this proposal asks about time periods for the GSEs to adopt certain requirements in this proposal, or for FHFA to begin exercising its enforcement powers. Consistent with our principle that there be a reasonable and orderly transition to a new housing finance system, we believe that this re-capitalization of the GSEs should be a gradual one that takes place over several years to ensure that there is no disruption of the current mortgage market. In addition, the slow and careful implementation of this important rule will allow FHFA to refine and make adjustments to new information and changing conditions. These phase-ins will also allow credit unions and other originators with adequate time to adapt and underwrite loans with a full understanding of the impact this long-awaited effort has on pricing.

**CONCLUSION**

We thank you for this opportunity to comment on this latest proposed capital framework for the GSEs. We look forward to working with FHFA to ensure that credit unions can continue to provide affordable, safe and sustainable mortgage products to its members in a market that benefits from the work of the GSEs. On behalf of America's credit unions and their 115 million members, thank you for your consideration.

If you have questions or require additional information related to our feedback, please do not hesitate to contact me at (202) 235-3390 or [dsmith@cuna.coop](mailto:dsmith@cuna.coop).

Sincerely,



Damon Y. Smith  
Senior Director of Advocacy & Counsel

---

<sup>37</sup> Enterprise Regulatory Capital Framework, 85 Fed. Reg. 39274 at 39311-39312 (June 30, 2020) (“Question 7. Should any of the risk-based capital requirements or leverage ratio requirements be phased-in over a transition period? Question 29. Should the payout restrictions provide an exception for some limited dividends on common stock over some transition period?” Question 89. What transition period, if any, is appropriate for an Enterprise to comply with the proposed rule's requirements governing the determination of the Enterprise's advanced credit risk-weighted assets? Question 90. What transition period would be appropriate if an Enterprise were required to determine its advanced credit risk-weighted assets under subpart E of the Federal Reserve Board's Regulation Q? Question 105. Are the delayed compliance dates tailored in a manner to promote the ability of an Enterprise to achieve compliant regulatory capital levels?)