October 13, 2020

Alfred M. Pollard, General Counsel
Attention: Comments/RIN-2590-AB04
Federal Housing Finance Agency
Eighth Floor, 400 Seventh Street SW
Washington, DC 20219

Re: 2021 Enterprise Housing Goals Proposed Rule/85 FR 49312/ RIN-2590-AB04

Dear Mr. Pollard:

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 Federal Housing Finance Agency's (FHFA's) notice of proposed rulemaking on updated housing goals for the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac, and together with Fannie Mae, the GSEs or Enterprises).

The Federal Housing Enterprises Financial Safety and Soundness Act of 1992 makes FHFA responsible for establishing and measuring compliance with certain annual housing goals for both single-family and multifamily mortgages purchased by Fannie Mae and Freddie Mac. These goals are critical components of the GSEs charter missions, particularly their affirmative obligation to facilitate the financing of affordable housing for low- and moderate-income families in a manner consistent with their overall public purposes. The metrics for single-family and multifamily goals differ somewhat but are broadly focused on ensuring that the Enterprises' activities provide assistance for low income and very low-income families and communities.

The primary annual single-family housing goals are based on a percentage of the total first lien, owner-occupied mortgages purchased by each GSE in a particular year. These goals are divided into categories and subcategories, including: (i) loans for low-income families; (ii) loans for very low-income families; and (iii) loans for families in low-income areas. In addition, the single-family goals include a low-income refinanced mortgage goal. FHFA measures compliance with the single-family housing goals based on a benchmark level, and a retrospective metric that takes the size of the mortgage market into account for a particular year. Each GSE can reach their single-family housing goals by meeting or exceeding either the benchmark goal or market goal.

The GSEs must also meet three multifamily housing goals that are determined based on the total number of multifamily units, instead of a percentage of overall purchases. These multifamily housing goals include the total number of units (i) affordable to low-income families, (ii) affordable to very low-income families, and (iii) located in small (5- to 50-unit) multifamily properties that are affordable to low-income families.

FHFA most recently engaged in rulemaking for the housing goals for 2018-2020. Over the past several years, the GSEs have met or exceeded their goals in all housing categories. However, the economic uncertainty caused by the COVID-19 pandemic makes it difficult to project how likely it will be that the GSEs can match or exceed their recent housing goal performances. As a result, FHFA's proposed rule would establish both single-family and multifamily housing goals for 2021 that are the same as the 2018-2020 levels and engage in a new rulemaking next year to establish levels for 2022 and beyond.

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The current and proposed goals are presented in Tables 1 and 2 below:

TABLE 1 -- Single-Family Housing Goals[1]

Goal	Current 2018-2020 Levels	Proposed Levels for 2021
Low-Income Purchase Goal	24 percent	24 percent
Very-Low Income Purchase Goal	6 percent	6 percent
Low-Income Areas Goal	14 percent	14 percent
Low-Income Refinance Goal	21 percent	21 percent

Table 2 -- Multifamily Housing Goals[2]

Goal	Current 2018-2020 Levels	Proposed Levels for 2021
Low-Income Goal	315,000 units	315,000 units
Very-Low Income Subgoal	60,000 units	60,000 units
Low-Income Small Multifamily Goal	10,000 units	10,000 units

HCUA remains strongly supportive of FHFA's efforts to ensure that the GSEs meet their public mission and responsibilities to low-income and very-low income borrowers and communities. HCUA feels 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. Because credit unions often serve members and areas that benefit from the GSEs' affordable housing goals, we look forward to discussing possible increases to the relevant thresholds, where warranted, in the rulemaking next year.

We acknowledge the constraints that the COVID-19 crisis has currently placed on FHFA's ability to analyze and project reasonable changes to the existing housing goals and support the continuation of those goals at their current levels for 2021. We applaud FHFA's decision to re-engage with this rulemaking in a year to establish housing goals for subsequent years.

[1] *See* FHFA Proposes 2021 Housing Goals for Fannie Mae and Freddie Mac, July 20, 2020, available at https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Proposes-2021-Housing-Goals-for-Fannie-Mae-and-Freddie-Mac.aspx#:~:text=FHFA%20Proposes%202021%20Housing%20Goals%20for%20Fannie%20Mae%20and%20Freddie%20Mac&text=Due%20to%20the%20economic%20uncertainty,they%20were%20for%202018%2D2020.
[2] Id.

HCUA believes that other GSE activities should not be considered when requiring submission of a housing plan. When FHFA determines that Fannie or Freddie has failed to meet a housing goal without a feasible reason, then it can require submission of a housing plan to delineate how that performance will improve to meet the next annual goal. In this proposed rule, FHFA requested comment on factors to consider in determining whether to submit a housing plan, such as forbearance actions, loss mitigation efforts, loan modifications and other market support activities.

While we recognize that the GSEs have engaged in an increased number of these activities in response to the challenges posed by the COVID-19 pandemic, this rulemaking should not set a precedent that equates forbearances, loan modifications or other loss mitigation efforts with the Enterprises' affirmative obligation to meet housing goals. FHFA's statutory authority exists to adjust housing goals in the face of unexpected economic circumstances, and presumably any adjustment could eliminate the need for a housing plan. However, if Fannie or Freddie do not meet their housing goals, even as adjusted, then a housing plan should be required and should not be offset by any Enterprise response to the very conditions that led to the adjustment. We support both the GSEs' housing goals and their responses to current economic conditions and uncertainty however we believe those actions should not be considered an either/or proposition.

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

Sincerely,

Bradley D. Douglas

Brad Douglas
President/CEO