



WASHINGTON, D.C.

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

Phone: 202-638-5777

Fax: 202-638-7734

October 25, 2021

Clinton Jones  
General Counsel  
Federal Housing Finance Agency  
400 Seventh Street SW  
Washington, DC 20219

RE: 2022-2024 Enterprise Housing Goals (RIN 2590-AB12)

Dear Mr. Jones:

The Credit Union National Association (CUNA) represents America's credit unions and their more than 120 million members. On behalf of our members, we are writing in response to the proposed benchmark levels for housing goals and subgoals for 2022 through 2024 issued by the Federal Housing Finance Agency (FHFA).<sup>1</sup> CUNA applauds the FHFA for setting ambitious goals for the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) (collectively, the government-sponsored enterprises or GSEs) the in line with their missions to provide access to stable and affordable housing for all communities.

## Background

*The Federal Housing Enterprises Financial Safety and Soundness Act of 1992* requires the FHFA to establish annual housing goals for mortgages purchased by the GSEs.<sup>2</sup> These housing goals allow the FHFA to create measurable objectives so it can reliably determine whether the GSEs are meeting 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, while maintaining a strong financial condition and a reasonable economic return."<sup>3</sup>

These measurable benchmarks include single-family goals and multifamily goals. Single-family goals include the purchase of home refinance mortgages of low-income families and purchase mortgages for low-income families, very low-income families, families that reside in low-income areas.<sup>4</sup> Multifamily goals include categories for mortgages on properties with rental units

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<sup>1</sup> 2022-2024 Enterprise Housing Goals, 86 Federal Register 47398 (August 25, 2021) (Proposed Housing Goals).

<sup>2</sup> See 12 U.S.C. 4561(a).

<sup>3</sup> See 12 U.S.C. 4501(7).

<sup>4</sup> Proposed Housing Goals, 86 FR at 47399.

affordable to low-income and very low-income families.<sup>5</sup> Both types of goals include subgoals with even more specified targets, such as those to families in minority census tracts or the number of units in a multifamily property. Each of these goals is measured as a percentage of the total home purchase mortgages purchased by the GSE. Single-family goals can be met by exceeding the benchmark level set prospectively by the final rule, or a market level determined retrospectively based on *Home Mortgage Disclosure Act* (HMDA) data for that year.<sup>6</sup> Multifamily goals are only met by exceeding the benchmark level set in the housing goals.<sup>7</sup>

The proposed enterprise housing goals would establish new benchmark levels for the housing goals and subgoals for the period covering 2022 through 2024. The proposed rule would also replace the low-income areas subgoal with separate area-based subgoals targeting minority census tracts and low-income census tracts and make several technical changes to definitions and other provisions to conform the regulation to existing practice.<sup>8</sup>

## General Comments

CUNA strongly supports the FHFA’s efforts to ensure that the GSEs meet their public mission and responsibilities to low-income and very low-income borrowers and communities. This support is consistent with CUNA’s Housing Reform Principles, which include “[a]n 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.”<sup>9</sup>

Credit unions’ commitment to this lending is illustrated by HMDA data showing that in 2020, credit unions originated \$280 billion in mortgages.<sup>10</sup> In total, credit unions sold \$69.9 billion in mortgages to the GSEs.<sup>11</sup> During 2020, the average credit union mortgage amount was \$203,911 – 32% smaller than the average non-bank mortgage and 38% smaller than the average bank mortgage.<sup>12</sup>

CUNA supports the FHFA’s area-based subgoals as described in the Proposed Housing Goals. As stated in the response<sup>13</sup> to the advanced notice of proposed rulemaking,<sup>14</sup> CUNA believes the FHFA should continue to monitor and analyze trends regarding potential displacement of residents

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<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> See, Credit Union Principles for Housing Finance Reform, available at <https://www.cuna.org/content/dam/cuna/advocacy/removing-barriers-blog/2020/documents/CU%20Principles%20Housing.pdf>.

<sup>10</sup> 2020 HMDA Data, CUNA Analysis.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> See, CUNA Comment Letter on Enterprise Housing Goals (Feb. 26, 2021), available at <https://www.cuna.org/content/cuna/cuna-org/advocacy/letters---testimonies/2021/enterprise-housing-goals.html>.

<sup>14</sup> See, Enterprise Housing Goals, 85 FR 82965 (Dec. 21, 2020).

in connection with the low-income area home purchase subgoal. Restructuring the goal to separately track loans in low-income census tracts that are not minority census tracts and loans to borrowers above 100 percent of area median income in low-income, minority census tracts will provide the FHFA with important data over the next several years to identify and address whether the enterprise housing goals are unintentionally contributing to the displacement of low-income families. Further, it would ensure that the housing goals clearly incentivize investment in minority census tract neighborhoods.

CUNA also supports the benchmark levels in the Proposed Housing Goals as being both realistic and achievable. The benchmark levels are appropriately higher than in years past to support the GSEs' mission to enable equitable and sustainable access to affordable housing. Overall, CUNA strongly supports loans made to low-income and very low-income borrowers and communities and believes that goals providing credit for making these loans are critical to ensuring that the GSEs properly center this mission in their work.

### **Conclusion**

Thank you for this opportunity to comment on this proposed rule. We look forward to working with FHFA to ensure that credit unions and their members continue to benefit from the GSEs' charter mission to serve low- and very low-income borrowers and communities. If you have questions or if we can be of any assistance, please do not hesitate to contact me at (202) 503-7184 or [elaberge@cuna.coop](mailto:elaberge@cuna.coop).

Sincerely,



Elizabeth M. Young LaBerge  
Senior Director of Advocacy & Counsel