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**National Association of Federally-Insured Credit Unions**

December 12, 2019

The Honorable Michael Crapo  
Chairman  
Committee on Banking, Housing  
& Urban Affairs  
United States Senate  
Washington, DC 20510

The Honorable Sherrod Brown  
Ranking Member  
Committee on Banking, Housing  
& Urban Affairs  
United States Senate  
Washington, DC 20510

The Honorable Maxine Waters  
Chairwoman  
Committee on Financial Services  
United States House of Representatives  
Washington, D.C. 20515

The Honorable Patrick McHenry  
Ranking Member  
Committee on Financial Services  
United States House of Representatives  
Washington, D.C. 20515

**Re: The Importance of Legislative Action on Housing Finance Reform**

Dear Chairman Crapo, Chairwoman Waters, Ranking Member Brown and Ranking Member McHenry:

I write to you today on behalf of the National Association of Federally-Insured Credit Unions (NAFCU) to urge your respective Committees to keep legislative reform of the housing finance system as a priority next year. NAFCU advocates for all federally-insured not-for-profit credit unions that serve over 118 million consumers with personal and small business financial services products. NAFCU has long advocated for housing finance reform because the current conservatorship of the government-sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, is unsustainable; however, certain legislative safeguards should first be adopted to preserve a level playing field for financial institutions of all sizes.

Recently, Federal Housing Finance Agency (FHFA) Director Mark Calabria announced his expectation that the agency is on schedule to re-propose its capital requirements rule for the GSEs in early 2020. The FHFA is poised to implement several administrative reforms, including steps to recapitalize and release the GSEs from conservatorship. Although NAFCU supports robust capital requirements for the GSEs to protect the American taxpayer from funding another bailout, Congress should move swiftly to protect small lenders' ability to obtain essential liquidity through mortgage loan sales to the GSEs. Absent legislative guarantees, including that credit unions will continue to enjoy equal access to the secondary mortgage market based on the quality and not quantity of their loans, small lenders may be disadvantaged by the urgent efforts to remove the GSEs from conservatorship.

The reform plans from the Administration, including the U.S. Department of the Treasury, as well as the recent agreement between the FHFA and the Treasury prohibiting volume-based discounts serve as important steps in the process of broader housing finance reform. But more work remains to ensure any new housing finance system works for community institutions such as credit unions. This includes progress on congressional action, whether comprehensive or piecemeal, that will help ensure the interests of credit unions are protected in any reform efforts.

The Honorable Michael Crapo  
The Honorable Maxine Waters  
The Honorable Sherrod Brown  
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NAFCU appreciates your ongoing attention to methods to reform the housing finance system and urges you to prioritize this in the new year. NAFCU looks forward to continuing to work with Congress and the Administration as you continue to examine potential proposals and the next steps for reform. Should you have any questions or require additional information, please do not hesitate to contact me or Janelle Relfe, NAFCU's Associate Director of Legislative Affairs, at 703-842-2836 or [jrelfe@nafcu.org](mailto:jrelfe@nafcu.org).

Sincerely,

A handwritten signature in cursive script that reads "Brad Thaler".

Brad Thaler  
Vice President of Legislative Affairs

cc: Members of the Senate Banking Committee  
Members of the House Financial Services Committee