



National Association of
Federally-Insured Credit Unions



INDEPENDENT COMMUNITY
BANKERS of AMERICA®



August 17, 2021

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

The Honorable Sandra L. Thompson
Acting Director
Federal Housing Finance Agency
400 7th Street SW
Washington, DC 20024

Dear Secretary Yellen and Acting Director Thompson:

The undersigned organizations, representing small community-based lenders, builders, and civil rights and housing groups, are writing to request a meeting as a coalition, with each of you at your earliest convenience, to discuss our concerns regarding the most recent amendments to the Preferred Stock Purchase Agreements (PSPAs) for Fannie Mae and Freddie Mac (GSEs) and their impacts on the housing market. We are very concerned about the various product and program constraints previously agreed to by the U.S. Department of the Treasury (Treasury) and the Federal Housing Finance Agency (FHFA) and their negative impacts on access to affordable mortgage credit. We request that the Treasury and FHFA move quickly to amend the PSPAs to remove the product and program restrictions, including the cash window, to help communities in need get access to affordable mortgage credit. We are concerned that any further delay will negatively impact low- and moderate-income communities and communities of color.

The PSPA constraints represent a fundamental change to the functioning of the nation's secondary mortgage market, and we believe these changes were designed to shrink the GSEs' business going forward. The Treasury and FHFA should retract the amendments that set arbitrary and inflexible limits on the GSEs' acquisitions and the operation of the cash window. Small lenders are unfairly impacted by the limits on the use of the cash window, specifically the \$1.5 billion cap on a lender's sales to each GSE during any four calendar quarters. This cap is too low and will likely force smaller lenders to sell to larger aggregators rather than directly to the GSEs. It may force other community mortgage lenders to limit their mortgage lending, which would hurt their communities. We are requesting that the Treasury and FHFA either substantially increase this cap or eliminate it altogether. The purchase limits on single family loans will also further undermine access to credit in the communities most in need and exacerbate affordability challenges. These hard purchase

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limits will establish constraints across the housing market, setting back an equitable recovery for the borrowers hardest-hit by the pandemic.

It is critical that any regulatory changes do not impinge on the ability of community mortgage lenders to offer affordable mortgage loans to their members and sell their mortgage loans to the GSEs at a fair and reasonable price. As a result, we request that all these product and program restrictions be eliminated from the PSPAs and that any similar changes be managed by the GSEs themselves with proper oversight by the FHFA as the safety and soundness regulator. It is critical that any future product and program changes, or restrictions that could limit access to affordable mortgage credit—especially for low- and moderate-income borrowers and communities of color—are done in a transparent manner, supported by thorough analysis on the impacts to the housing market and the GSEs.

We the undersigned respectfully request the opportunity to meet with you individually to discuss our recommendations and the concerns in more detail. Thank you for your consideration and we look forward to meeting with you soon and continuing an open dialogue regarding these important issues with you and your staff.

Sincerely,

National Association of Federally-Insured Credit Unions

Community Home Lenders Association, Inc.

Community Mortgage Lenders of America

Leading Builders of America

Independent Community Bankers of America

National NeighborWorks Association

The Leadership Conference on Civil and Human Rights