

June 25, 2018

The Honorable Melvin Watt
Director
Federal Housing Finance Agency
Constitution Center
400 7th Street SW
Washington, DC 20219

Dear Director Watt:

The undersigned trade associations and organizations appreciate the opportunity presented by the Federal Housing Finance Agency (“FHFA”) to comment on its “Proposed Regulation on Enterprise Capital Requirements” (“Proposed Rule”). While we appreciate the opportunity to comment, we also believe that such a complex and important subject as the capital requirements for Fannie Mae and Freddie Mac (“Enterprises”) merits sufficient time to provide appropriate feedback. The June 12, 2018 announcement of the Proposed Rule requires that comments be submitted within 60 days of the date of publication in the Federal Register (to date the notice has not been published). This is the first time that the capital requirements for the Enterprises have been updated since 2001, the result of a nearly ten-year process following rules mandated by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. More importantly, this is the first update since the financial crisis and it is essential that industry and other stakeholders have an opportunity to carefully review the lengthy Proposed Rule and provide thoughtful comments. We urge the FHFA to extend the comment period by 60 days.

As you are aware, the Proposed Rule is a highly complex and lengthy (368 pages) proposed regulation that has significant implications for the Enterprises themselves and the broader housing finance system, including industry participants and most importantly consumers. While the final rule would not be applied to the Enterprises while they remain in conservatorship, it will inform the Enterprises’ business decisions while in conservatorship and provide feedback and direction on how FHFA sets the Enterprises’ guaranty fees, and monitors activities and operations.

Given the significance of this Proposed Rule, our respective organizations hope to review and provide the FHFA with a wide range of detailed responses that provide useful information from mortgage/financial institutions, third-party stakeholders and vendors, and consumers. As such, the assessment of the Proposed Rule and development of complete responses will require expansive consultation within individual organizations, and possibly questions directed to FHFA. A 60-day deadline will discourage comprehensive responses and increase the risk that the FHFA will make policy decisions without having received detailed and thoughtful feedback from all interested parties.

The challenges of providing thoughtful feedback on these topics and the importance to the housing finance system of a carefully calibrated rule, require that stakeholders be allowed more than 60 days to comment. We believe that imposing a 60-day comment deadline will preclude the development of a sufficiently broad and complete factual record necessary to support effective policy action in an area that will have significant consequences for the housing finance system and, more broadly, the U.S. economy. We respectfully recommend that the FHFA extend the comment period by 60 days.

Sincerely,

American Bankers Association
American Land Title Association
Center for Responsible Lending
Consumer Mortgage Coalition
Credit Union National Association
Housing Policy Council
National Association of Federally-Insured Credit
Unions

National Association of Home Builders
National Association of REALTORS®
Mortgage Bankers Association
Real Estate Services Providers Council
The Realty Alliance
Structured Finance Industry Group
U.S. Mortgage Insurers