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The Honorable Wm. Lacy Clay
Chairman
Committee on Financial Services
Subcommittee on Housing, Community Development,
and Insurance
House of Representatives
Washington, DC 20515

The Honorable Steven E. Stivers
Ranking Member
Committee on Financial Services
Subcommittee on Housing, Community Development,
and Insurance
House of Representatives
Washington, DC 20515

Dear Chairman Clay and Ranking Member Stivers:

On behalf of America's credit unions, I am writing regarding the Committee's hearing entitled, "An Examination of the Federal Housing Administration and Its Impact on Homeownership in America." The Credit Union National Association (CUNA) represents America's credit unions and the 115 million members that they serve.

The Federal Housing Administration (FHA) plays a critical role in allowing families to realize the dream of buying their own home. That role has been especially pronounced for first-time buyers, buyers of color, and buyers of modest financial means. Traditionally, however, credit unions have been severely underrepresented in the pool of approved FHA lenders—despite playing a significant role in providing mortgage credit to these same categories of homebuyers. That reality suggests that an increased partnership between credit unions and the FHA mortgage program would likely result in expanded access to responsible mortgage credit to these traditionally underserved consumers.

Yet, impediments to credit unions accessing the FHA lending program continue to exist. Chief among these is the absence of a FHA regulatory environment where lenders can operate with clarity and certainty regarding the program requirements and the potential penalties for noncompliance. Recently, the Department of Housing and Urban Development proposed amendments to the FHA lender annual certification statements designed to increase lender confidence.¹ We welcome the FHA's commitment to provide the clarity and certainty necessary to increase lender participation in the FHA program.

Implementation of a coordinated and complementary annual certification, loan-level certification, and Defect Taxonomy that provides lenders with greater certainty regarding loan review would go a long way toward creating a regulatory environment that boosts credit unions' confidence in the FHA program. Along with modernization of the decades-old IT infrastructure at FHA, these actions should help to increase and diversify credit union lender participation in the FHA program and ultimately expand access to credit to the benefit of FHA, homeowners, and communities.

On behalf of America's credit unions and their 115 million members, thank you for holding this important hearing.

Sincerely,



Jim Nussle
President & CEO

¹ See FHA Lender Approval, Annual Renewal, Periodic Updates and Required Reports by FHA-Approved Lenders, 84 Fed. Reg. 40,435 (Aug. 14, 2019).