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October 13, 2020

Alfred M. Pollard, General Counsel  
Attention: Comments/RIN-2590-AB04  
Federal Housing Finance Agency  
Eighth Floor, 400 Seventh Street SW  
Washington, DC 20219

Re: 2021 Enterprise Housing Goals Proposed Rule/85 FR 49312/ RIN-2590-AB04

Dear Mr. Pollard:

The Credit Union National Association (CUNA) proudly represents America's credit unions and their more than 120 million members. On their behalf, we write in response to the Federal Housing Finance Agency's (FHFA's) notice of proposed rulemaking on updated housing goals for the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac, and together with Fannie Mae, the GSEs or Enterprises).<sup>1</sup>

## BACKGROUND

The Federal Housing Enterprises Financial Safety and Soundness Act of 1992<sup>2</sup> makes FHFA responsible for establishing and measuring compliance with certain annual housing goals for both single-family and multifamily mortgages purchased by Fannie Mae and Freddie Mac.<sup>3</sup> These goals are critical components of the GSEs charter missions, particularly 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 . . ."<sup>4</sup> The metrics for single-family and multifamily goals differ somewhat, but are broadly focused on ensuring that the Enterprises' activities provide assistance for low income and very low-income families and communities.<sup>5</sup>

The primary annual single-family housing goals are based on a percentage of the total first lien, owner-occupied mortgages purchased by each GSE in a particular year. These goals are divided into categories and subcategories, including: (i) loans for low-income families; (ii) loans for very low-income families; and (iii) loans for families in low-income areas.<sup>6</sup> In addition, the single-family goals include a low-income

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<sup>1</sup> 2021 Enterprise Housing Goals, 85 Fed. Reg. 49312 (August 13, 2020).

<sup>2</sup> See 12 U.S.C. § 4561.

<sup>3</sup> 12 U.S.C. § 4501(7).

<sup>4</sup> 12 U.S.C. § 4501(7).

<sup>5</sup> Low-income families are defined as those with an income of 80% of their area median income (AMI) or less. A low-income area includes census tracts with (a) median income of 80% AMI or less, (b) 100% AMI or below and a minority population of at least 30%, where the family receiving the loan is also at 100% AMI or below; and (c) families with income less than or equal to 100% of AMI who reside in designated disaster areas. Very low-income families are defined as those having income of 50% of their AMI or less.

<sup>6</sup> See Enterprise Housing Goals, 85 Fed. Reg. 49312 at 49312-13.

refinanced mortgage goal.<sup>7</sup> FHFA measures compliance with the single-family housing goals based on a benchmark level, and a retrospective metric that takes the size of the mortgage market into account for a particular year.<sup>8</sup> Each GSE can reach their single-family housing goals by meeting or exceeding either the benchmark goal or market goal.

The GSEs must also meet three multifamily housing goals that are determined based on the total number of multifamily units, instead of a percentage of overall purchases.<sup>9</sup> These multifamily housing goals include the total number of units (i) affordable to low-income families, (ii) affordable to very low-income families, and (iii) located in small (5- to 50-unit) multifamily properties that are affordable to low-income families.<sup>10</sup>

FHFA most recently engaged in rulemaking for the housing goals for 2018-2020.<sup>11</sup> Over the past several years, the GSEs have met or exceeded their goals in all housing categories.<sup>12</sup> However, the economic uncertainty caused by the COVID-19 pandemic makes it difficult to project how likely it will be that the GSEs can match or exceed their recent housing goal performances. As a result, FHFA’s proposed rule would establish both single-family and multifamily housing goals for 2021 that are the same as the 2018-2020 levels, and engage in a new rulemaking next year to establish levels for 2022 and beyond. The current and proposed goals are presented in Tables 1 and 2 below.

**TABLE 1 -- Single-Family Housing Goals<sup>13</sup>**

<b>Goal</b>	<b>Current 2018-2020 Levels</b>	<b>Proposed Levels for 2021</b>
Low-Income Purchase Goal	24 percent	24 percent
Very-Low Income Purchase Goal	6 percent	6 percent
Low-Income Areas Goal	14 percent	14 percent
Low-Income Refinance Goal	21 percent	21 percent

<sup>7</sup> Id.

<sup>8</sup> Id. at 49313.

<sup>9</sup> Id. (“The multifamily goals evaluate the performance of the Enterprises based on numeric targets, not percentages, for the number of affordable units in properties backed by mortgages purchased by an Enterprise.”).

<sup>10</sup> Id.

<sup>11</sup> See FHFA Finalizes 2018-2020 Housing Goals for Fannie Mae and Freddie Mac, February 6, 2018, available at <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Finalizes-2018-2020-Housing-Goals-For-Fannie-Mae-and-Freddie-Mac.aspx>.

<sup>12</sup> See Enterprise Housing Goals, 85 Fed. Reg. 49312 at 49316 (stating that for 2018 and 2019 “both Enterprises exceeded the benchmark levels set by FHFA for each of the single-family housing goals.”); See also Id. at 49320 (noting that each Enterprise has performed significantly above, surpassed or met the multifamily housing goals in recent years).

<sup>13</sup> See FHFA Proposes 2021 Housing Goals for Fannie Mae and Freddie Mac, July 20, 2020, available at <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Proposes-2021-Housing-Goals-for-Fannie-Mae-and-Freddie-Mac.aspx#:~:text=FHFA%20Proposes%202021%20Housing%20Goals%20for%20Fannie%20Mae%20and%20Freddie%20Mac&text=Due%20to%20the%20economic%20uncertainty,they%20were%20for%202018%2D2020.>

**Table 2 -- Multifamily Housing Goals<sup>14</sup>**

<b>Goal</b>	<b>Current 2018-2020 Levels</b>	<b>Proposed Levels for 2021</b>
Low-Income Goal	315,000 units	315,000 units
Very-Low Income Subgoal	60,000 units	60,000 units
Low-Income Small Multifamily Goal	10,000 units	10,000 units

## **GENERAL COMMENTS**

As CUNA has mentioned in several comment letters, we remain strongly supportive of FHFA’s efforts to ensure that the GSEs meet their public mission and responsibilities to low-income and very-low income borrowers and communities.<sup>15</sup> 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>16</sup> In 2019 alone, credit unions originated a record of nearly \$180 billion in first lien mortgages, 35% of which were sold on the secondary mortgage market.<sup>17</sup> Because credit unions often serve members and areas that benefit from the GSEs’ affordable housing goals, we look forward to discussing possible increases to the relevant thresholds, where warranted, in the rulemaking next year.

That said, we acknowledge the constraints that the COVID-19 crisis has currently placed on FHFA’s ability to analyze and project reasonable changes to the existing housing goals and support the continuation of those goals at their current levels for 2021. We applaud FHFA’s decision to re-engage with this rulemaking in a year to establish housing goals for subsequent years.

### **Other GSE Activities Should Not Be Considered when Requiring Submission of a Housing Plan**

When FHFA determines that Fannie or Freddie has failed to meet a housing goal without a feasible reason, then it can require submission of a housing plan to delineate how that performance will improve to meet the next annual goal.<sup>18</sup> In this proposed rule, FHFA requested comment on factors to consider in determining whether to submit a housing plan, such as forbearance actions, loss mitigation efforts, loan modifications and other market support activities.<sup>19</sup>

While we recognize that the GSEs have engaged in an increased number of these activities in response to the challenges posed by the COVID-19 pandemic, this rulemaking should not set a precedent that equates

<sup>14</sup> Id.

<sup>15</sup> See, e.g., CUNA Comment Letter on FHFA Strategic Plan: 2021-2024, October 5, 2020, available at [https://www.cuna.org/uploadedFiles/Advocacy/Actions/Comment\\_Calls\\_Letters\\_and\\_Testimonies/2020/Comment\\_Letters/FHFAStrategicPlanCommentLetter%20-%20FINAL.pdf](https://www.cuna.org/uploadedFiles/Advocacy/Actions/Comment_Calls_Letters_and_Testimonies/2020/Comment_Letters/FHFAStrategicPlanCommentLetter%20-%20FINAL.pdf); CUNA Comment Letter on Enterprise Regulatory Capital Framework, August 31, 2020, available at [https://www.cuna.org/uploadedFiles/Advocacy/Actions/Comment\\_Calls\\_Letters\\_and\\_Testimonies/2020/Comment\\_Letters/CUNA%20Comment%20Letter%20GSE%20Recap%20Framework.pdf](https://www.cuna.org/uploadedFiles/Advocacy/Actions/Comment_Calls_Letters_and_Testimonies/2020/Comment_Letters/CUNA%20Comment%20Letter%20GSE%20Recap%20Framework.pdf).

<sup>16</sup> See Credit Union Principles for Housing Finance Reform, available at [https://www.cuna.org/uploadedFiles/Advocacy/Related\\_items/Credit-Union-Principles-for-Housing-FinanceReform.pdf](https://www.cuna.org/uploadedFiles/Advocacy/Related_items/Credit-Union-Principles-for-Housing-FinanceReform.pdf)

<sup>17</sup> Source: NCUA call report data; CUNA analysis.

<sup>18</sup> See 2021 Enterprise Housing Goals, 85 Fed. Reg. 49312 at 49313.

<sup>19</sup> Id.

forbearances, loan modifications or other loss mitigation efforts with the Enterprises' affirmative obligation to meet housing goals. As FHFA acknowledges, statutory authority exists to adjust housing goals in the face of unexpected economic circumstances, and presumably any adjustment could obviate the need for a housing plan.<sup>20</sup> However, if Fannie or Freddie do not meet their housing goals, even as adjusted, then a housing plan should be required and should not be offset by any Enterprise response to the very conditions that led to the adjustment.

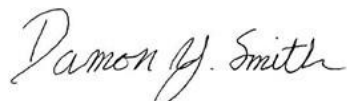
Although we support both the GSEs' housing goals and their responses to current economic conditions and uncertainty, those actions should not be conflated into an either/or proposition.

## **CONCLUSION**

We thank you for this opportunity to comment on the proposed 2021 housing goals for the GSEs. 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. Thank you for your consideration of our comments.

If you have questions or require additional information related to our feedback, please do not hesitate to contact me at (202) 235-3390 or [dsmith@cuna.coop](mailto:dsmith@cuna.coop).

Sincerely,



Damon Y. Smith  
Senior Director of Advocacy & Counsel

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<sup>20</sup> Id.