

November 5, 2025

Bill Pulte
Director
U.S. Federal Housing
400 7th St. SW
10th Floor
Washington, DC 20219

RE: U.S. Federal Housing Strategic Plan: Fiscal Years 2026-2030

Dear Director Pulte,

The Independent Community Bankers of America (ICBA)¹ appreciates the opportunity to comment on the U.S. Federal Housing's Strategic Plan: Fiscal Years 2026-2030 (Strategic Plan or Plan). The Strategic Plan outlines three main goals that align with U.S. Federal Housing's role as regulator and conservator of Fannie Mae and Freddie Mac (the Enterprises) and as regulator of the Federal Home Loan Banks (FHLBs). These include responsibly overseeing Fannie Mae and Freddie Mac for the American people, supervising the FHLB System, and efficiently managing the U.S. Federal Housing Operations. The comments below will focus primarily on strategic goals 1 and 2.

ICBA Comments

Strategic Goal 1: Responsibly Oversee Fannie Mae and Freddie Mac for the American People

ICBA supports the U.S. Federal Housing's plans to ensure the safety and soundness of the Enterprises by setting appropriate supervisory expectations regarding capital requirements, credit risk standards, pricing, and others. We also support efforts that promote sustainable, equitable, and affordable access to mortgage credit by expanding the housing supply and adhering to the U.S. Federal Housing's statutory mission to foster a liquid, efficient, competitive, and resilient housing finance system.

¹ *The Independent Community Bankers of America® has one mission: to create and promote an environment where community banks flourish. We power the potential of the nation's community banks through effective advocacy, education, and innovation.*

As local and trusted sources of credit, America's community banks leverage their relationship-based business model and innovative offerings to channel deposits into the neighborhoods they serve, creating jobs, fostering economic prosperity, and fueling their customers' financial goals and dreams.

We appreciate that the Strategic Plan highlights the importance of complying with the Enterprises' Charter Acts, affordable housing goals, and other statutory requirements. Moreover, we strongly support the ongoing focus on reducing unnecessary regulatory burdens, particularly those that have created challenges for small lenders to originate, sell, and service conforming loans.

There are several additional components that we believe are necessary to preserve and bolster a robust and equitable secondary market going forward. These include:

1. Preserving the cash window, allowing community banks to sell loans on a single loan basis for cash.
2. Ensuring full and equal access for all lenders, regardless of size, including a prohibition on volume discounts with respect to guarantee fees, buy-up and buy-down fees, cash pricing, loan level price adjustments, and risk-sharing pricing.
3. Continued allowance for the retention of mortgage servicing rights on a loan-by-loan basis for loans sold to the Enterprises.
4. No Enterprise competition with lenders at the retail level.
5. Appraisal and underwriting guidelines must be flexible enough to accommodate the unique characteristics of all markets.
6. The utilization of retained portfolios, within limits, established and supervised by U.S. Federal Housing to assist in securitization of new products, and management of performance of the Uniform Mortgage-Backed Securities.

In recent months, there have been meaningful and productive discussions regarding Fannie Mae and Freddie Mac's exit from conservatorship. ICBA has long argued that perpetual conservatorship is not acceptable and could prove harmful to the housing finance system. ICBA is therefore concerned about the lack of discussion in the Strategic Plan regarding this issue. If these two critically important entities exit conservatorship, they need to be prepared. A plan must be in place to ensure that the transition is thoughtful and done in an orderly and transparent manner. In addition to the components mentioned above, the following principles will help ensure there will be minimal disruption when Fannie Mae and Freddie Mac exit conservatorship:

1. U.S. Federal Housing must transition into a strong independent regulator by providing robust oversight and supervision, capital requirements, and prudential standards that ensure safety and soundness of Fannie Mae and Freddie Mac and their ability to fulfill their mission as a liquidity provider for the housing market. Future regulation must allow them to innovate, compete within the framework of their charters, and not be subject to political interference

from any administration.

2. Fannie Mae and Freddie Mac must continue the credit risk transfer program to reduce their overall risk while also being mindful of the economic benefits and prohibitions on market structures/actions that create an unlevel playing field for loan origination.
3. Fannie Mae and Freddie Mac should pay a reasonable ongoing fee for maintenance of the existing Treasury line of credit or any federal backstop. However, we do not support any explicit sovereign, or Ginnie Mae-like, guaranty on Enterprise debt or mortgage-backed securities.
4. Fannie Mae and Freddie Mac should not be merged into one entity. We believe this action would be overly disruptive and would not foster competition in the secondary market and would stifle innovation.
5. ICBA supports moving forward with administrative recapitalization plans per the Enterprise Regulatory Capital Framework to permit the Enterprises to exit conservatorship into a utility-type system, including regulated rates of return and guardrails, that allows investors a fair return while furthering the Enterprises' public mission.
6. Fannie Mae and Freddie Mac should continue to offer mortgage products such as cash-out refinances, investment properties, and second home loans that enable the cross-subsidization of lending within all markets and communities, benefiting all borrowers.

Strategic Goal 2: Supervise the FHLB System

ICBA appreciates that the U.S. Federal Housing has modified its approach to regulating the FHLBs, focusing primarily on safety and soundness and adhering to statutory obligations. Over the last few years, there have been attempts to drastically change the structure of the FHLBs, including a report with dozens of recommendations that could have, if implemented, undermined the FHLBs' ability to provide consistent and necessary liquidity to their member banks.

ICBA supports the U.S. Federal Housing and its efforts to ensure the FHLBs remain a strong, stable, and reliable source of funding for community banks. Community banks are active advance users and often rely on the availability of advances as an alternative source of liquidity and support for community development activities. We should not attempt to fix what is not broken

ICBA looks forward to working with the U.S. Federal Housing on this issue going forward. If you have any questions regarding the content of this letter, please contact the undersigned at tim.roy@icba.org.

Sincerely,

Tim Roy
VP – Housing Finance Policy