One Mission. Community Banks.®

ICBA's Principles for Exiting Conservatorship

While ICBA believes substantial GSE reforms have already been accomplished through HERA and FHFA administrative actions, ICBA does not support perpetual conservatorship or complete government ownership and control of the GSEs. We ask Treasury and FHFA to adhere to the principles outlined below:

- ICBA urges FHFA/Treasury to begin the process to end the conservatorships in an orderly and transparent manner avoiding any disruption of the mortgage market.

- ICBA does not support merging the GSEs into one entity. We believe this action would be overly disruptive and would not foster competition in the secondary market and would stifle innovation.

- The GSEs 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.

- FHFA must transition into a strong independent regulator by providing robust oversight and supervision, capital requirements, and prudential standards that ensure safety and soundness of the GSEs and their ability to fulfill their mission as a liquidity provider for the housing market. Future regulation must allow the GSEs to innovate, compete within the framework of their charters and not be subject to political interference from any administration.

- FHFA should allow the GSEs to utilize their retained portfolios within limits established and supervised by FHFA to assist in securitization of new products, and management of performance of the UMBS

- The GSEs and FHFA must ensure 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.

- The GSEs must maintain the cash window which allows a lender to sell one loan at a time and retain the servicing on that loan.

- The GSEs must serve all markets including underserved, rural, and urban areas, equally, and in all economic conditions

- The GSEs must continue the credit risk transfer program to reduce their overall risk while also being mindful of the economic benefits and including prohibitions on market structures/actions that create an unlevel playing field for loan origination.

- The GSEs 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 – GNMA- like guaranty on GSE debt or MBS.

- The rights of the existing GSE shareholders must be restored

- ICBA supports moving forward with administrative recapitalization plans per the ERCF to permit the GSEs to exit conservatorship into a utility-type system, including regulated rates of return and guardrails, that allows investors a fair return while furthering the GSEs' public mission.