

September 19, 2023

Mr. Clinton Jones
General Counsel
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20219

Re: FHFA Suspended Counterparty Program 2023 Proposal

Dear Mr. Jones:

The undersigned associations are writing to express serious concerns with the Federal Housing Finance Agency's (FHFA) proposal to amend the existing Suspended Counterparty Program (SCP) regulations. While we recognize the importance of rules that ensure the safety and soundness of the GSEs, this proposal features no rationale for its adoption despite the possibly draconian consequences that could fall on those caught up in an expanded SCP.

The SCP has been operating for over a decade, yet FHFA provides no explanation for the need for the expansion, nor does it offer any data suggesting that the GSEs have been materially harmed by FHFA's inability to suspend counterparties for civil or administrative misconduct.

FHFA's proposal gives it unlimited discretion to suspend counterparties for potentially minor civil or administrative sanctions. It is evident that FHFA has not contemplated the potential harm on the housing finance market and the impact of being suspended from FHFA regulated sources of funding. Given the *extreme* economic and reputational harm that suspended counterparties could face, FHFA should not impose such disproportionate and severe sanctions for the administrative and civil misconduct described. We also do not support FHFA establishing a new procedure allowing them the ability to immediately suspend a counterparty for administrative actions taken by another Federal agency. Rather, we believe FHFA should work to improve and ensure proper administration of the *current* SCP.

Our views are very well expressed by the American Bankers Association, Independent Community Bankers of America, and Mortgage Bankers Association and we encourage you to review their detailed letter.

In sum, the proposal is overly broad and unsupported by any meaningful data. Its adoption could lead to arbitrary and capricious application by the agency. For the reasons stated above, FHFA should refrain from expanding the SCP and should withdraw the current proposal.

Respectfully,

Arizona Mortgage Lenders Association
Atlanta Mortgage Bankers Association
Austin Mortgage Bankers Association
California Mortgage Bankers Association
Charlotte Regional Mortgage Lenders Association
Connecticut Mortgage Bankers Association
Dallas Mortgage Bankers Association
Delaware Mortgage Bankers Association
Fort Worth Mortgage Bankers Association
Gulf Coast Mortgage Bankers Association
Houston Mortgage Bankers Association
Idaho Mortgage Lenders Association
Illinois Mortgage Bankers Association
Indiana Mortgage Bankers Association
Iowa Mortgage Association
Maine Association of Mortgage Professionals
Maryland Mortgage Bankers & Brokers Association
Massachusetts Mortgage Bankers Association
Michigan Mortgage Lenders Association
Minnesota Mortgage Association
Montana Association for Mortgage Professionals
Mortgage Bankers and Brokers Association of New Hampshire
Mortgage Bankers Association of Arkansas
Mortgage Bankers Association of Central Florida
Mortgage Bankers Association of Florida
Mortgage Bankers Association of Georgia
Mortgage Bankers Association of Georgia – Augusta Chapter
Mortgage Bankers Association of Georgia – Columbus Chapter
Mortgage Bankers Association of Georgia – Middle Georgia Chapter
Mortgage Bankers Association of Georgia – Northeast Chapter
Mortgage Bankers Association of Georgia – Valdosta Chapter
Mortgage Bankers Association of Greater Kansas City
Mortgage Bankers Association of Hawaii
Mortgage Bankers Association of Jacksonville
Mortgage Bankers Association of Kentucky
Mortgage Bankers Association of Louisville
Mortgage Bankers Association of Metro Washington
Mortgage Bankers Association of Mississippi
Mortgage Bankers Association of Mississippi – Gulf Coast Chapter
Mortgage Bankers Association of Mississippi – Jackson Chapter
Mortgage Bankers Association of Mississippi – Pinebelt Chapter
Mortgage Bankers Association of Mississippi – Tupelo Chapter
Mortgage Bankers Association of Missouri
Mortgage Bankers Association of New Jersey
Mortgage Bankers Association of Pennsylvania
Mortgage Bankers Association of Savannah
Mortgage Bankers Association of South Florida
Mortgage Bankers Association of Southern Kentucky

Mortgage Bankers Association of Southwest Florida
Mortgage Bankers Association of Southwestern Pennsylvania
Mortgage Bankers Association of St. Louis
Mortgage Bankers Association of Tallahassee
Mortgage Bankers Association of Tampa Bay
Mortgage Bankers Association of the Carolinas
Mortgage Bankers Association of Western North Carolina
Nebraska Mortgage Association
Nevada Mortgage Lenders Association
New Mexico Mortgage Lenders Association
New York Mortgage Bankers Association
Ohio Mortgage Bankers Association
Oklahoma Mortgage Bankers Association
Oregon Mortgage Bankers Association
Rhode Island Mortgage Bankers Association
San Antonio Mortgage Bankers Association
Tennessee Mortgage Bankers Association
Texas Mortgage Bankers Association
Vermont Mortgage Bankers Association
Virginia Mortgage Bankers Association
Washington Mortgage Bankers Association
West Texas Mortgage Bankers Association
Wisconsin Mortgage Bankers Association
Wisconsin Mortgage Bankers Association – Madison Chapter
Wisconsin Mortgage Bankers Association – Milwaukee Chapter
Wisconsin Mortgage Bankers Association – Northeast Chapter