



October 14, 2021

The Honorable Joseph Biden
President
1600 Pennsylvania Avenue N.W.
Washington, DC 20500

RE: Federal Housing Finance Agency
Nomination of Permanent Director

Dear President Biden:

The National Bankers Association (NBA) would like to recommend that Sandra Thompson, acting Director of the Federal Housing Finance Agency (FHFA), be nominated as the agency's permanent Director.

The NBA is the leading trade association for the country's Minority Depository Institutions (MDIs). Central to our mission is to serve as an advocate for the nation's MDIs on all legislative and regulatory matters concerning and affecting our member institutions as well as the communities they serve. Most of our member institutions are also Community Development Financial Institutions (CDFIs), and many have become banks of last resort for consumers and businesses who are underserved by traditional banks and financial service providers.

Our endorsement of Ms. Thompson is based on her long career as a financial regulator and her performance to-date as Acting Director. Ms. Thompson has been at FHFA since 2013 and knows well the inner workings of the agency. To bring someone in as Director who only has outside knowledge would require considerable time, possibly fraught with serious mistakes. Ms. Thompson is an expert in risk management, having spent several decades in that capacity at the FDIC.

The previous director had an entirely different vision for FHFA driven by a strong desire to return the Government Sponsored Enterprises it oversees to completely private operation. That does not appear to be the immediate goal of this administration. We believe that threats to the economy and the alarming need for affordable housing weigh heavily on our minds as a nation. Ms. Thompson has shown that she is aware of these issues and has been willing to take a course that will help achieve these goals.

In January 2021, the Treasury Department and FHA entered into a revised agreement that would severely limit certain categories of mortgages that would be purchased by Fannie Mae and Freddie Mac. Refinancing mortgages were penalized with a sizeable fee, presumably to fund a transition of the GSEs to private ownership. This fee resulted in many borrowers not being able to refinance to a lower rate or paying an unnecessary fee. Ms. Thompson adeptly worked with Treasury to remove this fee, something her predecessor felt was a difficult task. Allowing borrowers in low-and-moderate income communities to take advantage of lower mortgage interest rates contributed to a much-needed financial safety net as the economy recovers from the ravages of the pandemic.

In addition to removing the fee on refinancing, Ms. Thompson also removed the 7 percent delivery cap on investor loans and second homes. Fannie Mae and Freddie Mac have historically provided financing for these types of loans. This encourages individuals to invest in real estate rather than simply have large companies who use other funding sources to own rental properties. These small landlords are much more sensitive to the needs of tenants since they are working on a person-to-person basis. Renters fare better with low-cost investment property financing which lowers costs and produces lower rents. Second homes are an important part of the construction industry and provide jobs. We congratulate Ms. Thompson for recognizing this.

We can't imagine a better person for the job of FHFA Director than Sandra Thompson. She has the requisite experience, credentials, enthusiasm, and the ability to work with other agencies that is seldom wrapped up in one person. The NBA strongly recommends her for the permanent role as Director. Thank you for considering our position on these important appointments and we welcome the opportunity to engage with your Administration on your overall plans to help the American economy rebuild in a more equitable, sustainable fashion.

Sincerely,

A handwritten signature in cursive script, appearing to read "N. Elam".

Nicole A. Elam
President and CEO
National Bankers Association