



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 Nebraska Bankers Association (NBA) has 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 actions. 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,

A handwritten signature in blue ink, appearing to read "Richard J. Baier".

Richard J. Baier
President & CEO

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