

January 12, 2021

Dear Chairman Brown and Ranking Member Toomey:

We, the undersigned civil and human rights, housing, consumer advocacy, and faith organizations, write to express our strong support for the nomination of Sandra L. Thompson to serve as director of the Federal Housing Finance Agency (FHFA). We are confident that as the chief regulator of Fannie Mae, Freddie Mac, and the Federal Home Loan Banks, Ms. Thompson will ensure the safety and soundness of the mortgage market while promoting affordable, fair, and sustainable homeownership opportunities throughout the country. We urge your committee to act quickly to advance this historic nomination, and we urge the Senate to promptly confirm her.

Ms. Thompson's stellar record of public service, both in the leadership roles she has played at FHFA and more broadly within the financial regulatory system, make her extraordinarily well-suited for this important position. After leaving the private sector in 1990 to enter public service, she worked on the front lines during two national financial crises, first as director of securitization at the Resolution Trust Corporation following the savings and loan crisis, and later on as director of risk management supervision at the Federal Deposit Insurance Corporation in the wake of the 2008 mortgage crisis. Since 2013, she has served as deputy director of the Division for Housing Mission and Goals at FHFA, where she played a key role in shaping the agency's housing and regulatory policy, capital policy, financial analysis, fair lending, and mission activities. Upon the departure of former FHFA director Mark Calabria in June 2021, it came as no surprise that Ms. Thompson was appointed to serve as acting director.

Given her superb record as acting director, our groups were pleased that President Biden recently nominated Ms. Thompson as director. In her current capacity, she has initiated important actions to advance racial equity in the housing finance system and to address longstanding fair lending issues, which left unchecked can undermine the system's safety and soundness. In two of her initial actions as acting director, Ms. Thompson led FHFA to issue a [Policy Statement on Fair Lending](#), as well as to enter a first-of-its-kind [Memorandum of Understanding \(MOU\)](#) with the U.S. Department of Housing and Urban Development (HUD) to advance fair housing and fair lending enforcement. She also [eliminated the Adverse Market Refinance Fee](#) to help more low-to-moderate income families take advantage of low interest rates and reduce housing costs; supported the inclusion of rental payment history in risk assessment processes; directed the enterprises to submit [Equitable Housing Finance Plans](#) to identify and address barriers to fair and sustainable housing opportunities; and published demographic data on the enterprises' Housing Goals and Fair Lending to increase transparency on how underserved communities are being served.

FHFA plays a critical role of overseeing the GSEs' activities in the housing market and requires a regulator with a demonstrated commitment to fair lending and racial equity. Unfortunately, the GSEs have not met their obligations to support a housing finance market for borrowers of color, central city areas, low- and moderate-income borrowers and other underserved groups. Except for the years in which the Enterprises engaged in purchasing subprime PLS securities, they have had very low market penetration in communities of color and low- and moderate-income areas. For example, while Blacks and Latinos represent 13.4 percent and 18.5 percent of the U.S. population respectively, less than 4 percent of Fannie and Freddie loan purchases for 2018 and 2019 were from Black borrowers and less than 10 percent were from Latino borrowers.

Moreover, discrimination in the mortgage market continues to plague our system, hurting the communities we serve and hampering economic growth. Today, the Black/White homeownership gap is as wide as it was when redlining was legal and, despite the passage of fair housing and fair lending laws over the last 50 years, important components of these laws have yet to be fully enforced. The current pandemic has only worsened racial homeownership and wealth disparities, as many people of color are unable to secure a mortgage or refinance their loans. Meanwhile, the Federal Reserve continues to make

monthly \$40 billion purchases of agency-backed mortgage securities, which [do not benefit the whole housing market equally](#), as research shows that the median Black and Latino mortgage borrower accumulated significantly less equity – and that only 6 percent of Black borrowers and 9 percent of Latino borrowers have been able to refinance during currently low interest rates, compared to 12 percent of White borrowers.

We look forward to working with Ms. Thompson to ensure that the GSEs serve the whole of the market, including underserved communities of color who are starting to account for the majority of borrowers in the mortgage market. [Estimates are that between 2020 and 2040](#), there will be 6.9 million net new homeowners comprised of 4.8 million more Latino homeowners, 2.7 million more Asian and other homeowners, and 1.2 million more Black homeowners but 1.8 million fewer White homeowners. Our key priorities for FHFA include:

- Eliminating Loan Level Price Adjustments (LLPAs), which have a discriminatory effect on borrowers of color;
- Ensuring that the GSEs provide liquidity for [Special Purpose Credit Programs \(SPCPS\)](#);
- Requiring the GSEs to use credit scoring systems that serve people of color equitably;
- Elevating the Office of Fair Lending Oversight to a fully staffed division, to ensure fair lending goals and principles play a more prominent role within the agency and to ensure the GSEs are in full compliance with fair housing laws, including the Affirmatively Furthering Fair Housing provision of the Fair Housing Act;
- Embracing innovative technologies and strategies designed to significantly reduce, and ultimately eliminate, bias in algorithmic systems;
- [Adopting a Regulatory Capital Framework](#) that promotes racial equity; and
- Increasing transparency regarding the enterprises' fair lending examination findings.

In closing, we urge you to promptly confirm Ms. Thompson as director of the Federal Housing Finance Agency, and to support her efforts to promote a more safe, sound, affordable, and fair mortgage finance system for all. If you have any questions, please contact Rob Randhava, senior counsel at The Leadership Conference on Civil and Human Rights, at [randhava@civilrights.org](mailto:randhava@civilrights.org), or Nikitra Bailey, senior vice president of public policy at the National Fair Housing Alliance, at [Nbailey@nationalfairhousing.org](mailto:Nbailey@nationalfairhousing.org).

Sincerely,

Americans for Financial Reform  
Consumer Action  
Consumer Federation of America  
The Leadership Conference on Civil and Human Rights  
NAACP  
NAACP Legal Defense and Educational Fund, Inc. (LDF)  
National Baptist Convention, USA, Inc.  
National CAPACD  
National Community Reinvestment Coalition  
National Community Stabilization Trust  
National Fair Housing Alliance  
National Housing Conference  
National Housing Resource Center  
National Urban League  
Poverty & Race Research Action Council  
Prosperity Now  
UnidosUS  
Woodstock Institute