ICBA
INDEPENDENT COMMUNITY BANKERS of AMERICA®

Robert M. Fisher, *Chairman*
Brad M. Bolton, *Chairman-Elect*
Russell L. Laffitte, *Vice Chairman*
Gregory S. Deckard, *Treasurer*
Tim R. Aiken, *Secretary*
Noah W. Wilcox, *Immediate Past Chairman*
Rebeca Romero Rainey, *President and CEO*

August 9, 2021

Sandra Thompson
Acting Director
Federal Housing Finance Agency
400 7th St. SW
10th Floor
Washington, DC 20219

RE: Executive Compensation at the Regulated Entities

Dear Acting Director Thompson,

The Independent Community Bankers of America (ICBA)[1] appreciates the opportunity to provide comments and input regarding executive compensation at Fannie Mae and Freddie Mac (the Enterprises) and the Federal Home Loan Banks (FHLBs). Setting reasonable compensation levels for executive officers, commensurate with the duties and responsibilities of the position and comparable to equivalent positions at similar organizations, is critical to attract and retain talent at the regulated entities. As noted in the request for input (RFI), these compensation standards must also reflect the regulated entities' status as government-sponsored enterprises (GSEs) and their core mission to promote liquidity in the national housing finance markets through all economic cycles while supporting affordable and sustainable homeownership. Executive compensation must also be balanced with each entity's requirement to operate in a safe and sound manner while safeguarding taxpayers.

---

[1] *The Independent Community Bankers of America® creates and promotes an environment where community banks flourish. ICBA is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education, and high-quality products and services.*

With nearly 50,000 locations nationwide, community banks constitute 99 percent of all banks, employ more than 700,000 Americans and are the only physical banking presence in one in three U.S. counties. Holding more than $5 trillion in assets, over $4.4 trillion in deposits, and more than $3.4 trillion in loans to consumers, small businesses and the agricultural community, community banks channel local deposits into the Main Streets and neighborhoods they serve, spurring job creation, fostering innovation and fueling their customers' dreams in communities throughout America. For more information, visit ICBA's website at www.icba.org.

WASHINGTON, DC
1615 L Street NW
Suite 900
Washington, DC 20036

SAUK CENTRE, MN
518 Lincoln Road
P.O. Box 267
Sauk Centre, MN 56378

866-843-4222
www.icba.org

ICBA agrees that it is important for FHFA to periodically update and assess the compensation structure of its regulated entities pursuant to its statutory obligation.[2] FHFA must make sure the Enterprises and FHLBs are well positioned to attract and retain talented, experienced, and knowledgeable executives. As you know, these large and complex entities play critically important roles in the housing finance system, with the Enterprises alone currently owning roughly half of America's outstanding single-family mortgages. Given their size, complexity, and market influence, it is crucial they continue to offer competitive compensation to attract leadership capable of directing these regulated entities as they fulfill their core housing mission, maintain safety and soundness, and, in the case of the Enterprises, prepare for an eventual exit from the confines of conservatorship.

We therefore ask FHFA to allow its regulated entities the flexibility to set compensation levels attractive to qualified executive candidates. However, by statute, the Enterprises cannot exceed an annual rate of $600,000. We strongly encourage FHFA, in its study, to determine whether this cap may be a limiting factor in attracting and retaining Enterprise CEOs going forward. If so, we suggest FHFA reach out to Congress and ask for more flexibility to increase compensation to levels commensurate with that needed to attract and retain highly qualified candidates capable of executing the complex duties and responsibilities required of an Enterprise CEO.

Thank you for the opportunity to comment on this RFI. Please feel free to contact the undersigned at tim.roy@icba.org if you have any questions regarding the content of this letter.

Sincerely,

Tim Roy
Director – Housing Finance Policy

---

[2] 12 U.S.C. § 4518(a)