America's Credit Unions

99 M Street SE
Suite 300
Washington, DC 20003

August 12, 2026

Federal Housing Finance Agency
Attention: Comments/RIN 2590-AB23
400 Seventh Street SW
Washington, DC 20219

RE: Suspended Counterparty Program

To Whom It May Concern:

On behalf of America's Credit Unions, I am writing in response to the Federal Housing Finance Agency's proposed rule on its Suspended Counterparty Program. America's Credit Unions is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their over 146 million members nationwide. Overall, America's Credit Unions supports FHFA's proposal because it would align the Suspended Counterparty Program (SCP) with objective, risk-based supervisory standards. Removing reputational harm would preserve FHFA's ability to address serious counterparty misconduct while ensuring suspension decisions are grounded in measurable financial, operational, and safety-and-soundness risks.

Analysis

Eliminating Redundancy

America's Credit Unions supports FHFA's conclusion that removing "reputational harm" from the SCP will not diminish the agency's ability to identify and suspend counterparties that pose legitimate risks to regulated entities. In practice, reputational concerns rarely exist in isolation. As FHFA notes, they are typically the byproduct of underlying misconduct that already creates financial losses, legal exposure, operational deficiencies, or safety-and-soundness concerns. SCP's covered misconduct, including fraud, embezzlement, theft, forgery, perjury, and false statements related to mortgage transactions, inherently present material risks to financial institutions and the broader housing finance system. These activities can result in direct financial losses, legal liability, operational disruption, and weakened risk management controls, all of which are appropriately captured by the existing financial harm and safety-and-soundness prongs. In turn, a separate reputational-harm inquiry adds little value while duplicating considerations already embedded within the existing framework. For credit unions, eliminating this redundant element streamlines the SCP while preserving FHFA's ability to identify and suspend counterparties that pose legitimate risks to regulated entities.

Objective Supervision

We agree with FHFA that retaining reputational harm as an independent basis for regulatory action introduces unnecessary subjectivity and uncertainty into supervisory decision-making. Unlike financial losses, operational failures, or safety-and-soundness concerns, reputational harm lacks objective standards and can be difficult to define, measure, and apply consistently across institutions and circumstances. Eliminating this standard promotes greater predictability and consistency in supervisory decision-making by ensuring enforcement actions are based on demonstrable risks rather than potentially varying assessments of reputational impact.

For credit unions, the value of the SCP lies in FHFA's ability to identify and restrict counterparties whose misconduct creates tangible risks to regulated entities and the housing finance system. Providing a clear and transparent framework for suspension decisions gives our members greater confidence and certainty that enforcement actions will be grounded in material safety and soundness threats rather than subjective assessments.

Regulatory Consistency

Finally, the proposal advances regulatory consistency across the federal financial regulatory system. Federal banking regulators, including the NCUA, OCC, and FDIC, have recently recognized that reputation risk should not serve as a standalone basis for supervisory action and have instead emphasized the evaluation of underlying financial, operational, compliance, and safety and soundness risks. FHFA's proposal reflects this same principle by recognizing that reputational concerns are not a distinct supervisory category requiring separate analysis.

A consistent interagency approach is important for credit unions because they operate under the oversight of multiple federal regulators and regularly navigate overlapping regulatory expectations. When agencies apply similar supervisory and risk frameworks, institutions can more easily understand, implement, and comply with regulatory requirements. Aligning the SCP with the broader movement toward an objective, risk-based framework promotes greater consistency across the federal regulatory landscape, reduces uncertainty, and minimizes the challenges associated with differing supervisory and enforcement standards.

Conclusion

America's Credit Unions appreciates the opportunity to comment on the FHFA's proposed rule to remove "reputational harm" from its Suspended Counterparties Program. The proposal appropriately preserves FHFA's ability to address serious counterparty misconduct while promoting a more objective, consistent, and risk-based supervisory framework. Should you have any questions or require any additional information, please contact me at tmaron@americascreditunions.org or 202-961-5731.

Sincerely,

Tyler Maron
Regulatory Advocacy Counsel

