



May 17, 2022

The Honorable Maxine Waters  
Chairwoman  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Patrick McHenry  
Ranking Member  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

**Re:** H.R. 7022, the Strengthening Cybersecurity for the Financial Sector Act

Dear Chairwoman Waters and Ranking Member McHenry:

The Housing Policy Council (HPC)<sup>1</sup> writes today concerning H.R. 7022, the Strengthening Cybersecurity for the Financial Sector Act, which is scheduled to be considered for markup by the Committee on Financial Services.

The bill is modeled on the Bank Service Company Act and would extend to the Federal Housing Finance Agency (FHFA) authority to regulate and examine service providers to Fannie Mae, Freddie Mac, and the Federal Home Loan Banks in the same manner and extent that Congress has granted such authority to bank regulators. Importantly, bank regulatory authority is limited to those entities providing a service to the bank that the bank itself could otherwise perform itself but has chosen to obtain from a third-party. FHFA has sought similar authority.

The Bank Service Company Act enumerates a list of services covered by the Act. Not surprisingly, these are traditional banking activities such as “check and deposit sorting and posting” and “preparation and mailing of checks.” In keeping with that structure, we recommend that the bill define the term “activity” to be:

(c) For purposes of this section, the term “activity” means, with respect to --

(1) the Federal National Mortgage Association, an activity authorized by the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq);

(2) the Federal Home Loan Mortgage Corporation, an activity authorized by the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq); and

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<sup>1</sup> HPC is a trade association comprised of the nation’s leading mortgage lenders, servicers, mortgage insurers, and title and data companies. HPC advocates for the mortgage and housing finance interests of its members in legislative, regulatory, and judicial forums. Our interest is in the safety and soundness of the housing finance system, the equitable and consistent regulatory treatment of all market participants, and the promoting of lending practices that create sustainable home ownership opportunities leading to long-term wealth-building and community-building for families.

(3) a Federal Home Loan Bank and the Office of Finance, an activity authorized by the Federal Home Loan Bank Act (12 U.S.C. 1421 et seq).

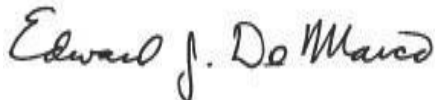
This recommendation is based upon two concerns. One is with an objective implied in the bill's short title but not the bill text. The other stems from discussions that suggest a much broader application of this new regulatory authority than we believe the bill provides.

The short title to the bill is "Strengthening Cybersecurity for the Financial Sector Act of 2022," which suggests the intent is to expand FHFA's authority to combat cyber threats to Fannie Mae, Freddie Mac, and the Federal Home Loan Banks arising through their service providers, a reasonable concern. Yet the bill text itself makes no reference to cybersecurity. If this is the objective, reducing cybersecurity risks, then the bill text should also reflect that focus, not just the bill title.

Our larger concern is with discussions that suggest the bill should be read expansively to include FHFA regulation and examination of counterparties, not service providers. We are troubled by suggestions that the bill would give FHFA authority to regulate and examine all nonbank mortgage servicers, a view that is inconsistent with both our reading of the text and of the purpose of the Bank Service Company Act on which this bill is based. In view of this perception that the bill can, or does, have this broader intent, we respectfully ask that the bill be amended as needed to make plain its focus is service providers, not mortgage servicers or other counterparties to Fannie Mae, Freddie Mac, and/or the Federal Home Loan Banks.

Thank you for considering these concerns. We would be glad to discuss them with you or your staffs. Please contact Bernard Fulton, VP for Government Relations, at (202) 589-1921.

Yours truly,

A handwritten signature in black ink that reads "Edward J. DeMarco". The signature is written in a cursive style with a large initial "E".

Edward J. DeMarco  
President  
Housing Policy Council