



National Association of Federal Credit Unions
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Fred R. Becker, Jr.
President and CEO

November 2, 2011

The Honorable Scott Garrett
Chairman
Subcommittee on Capital Markets and
Government Sponsored Enterprises
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
Subcommittee on Capital Markets and
Government Sponsored Enterprises
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Garrett and Ranking Member Waters:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association exclusively representing the interests of our nation's federal credit unions, I write today with respect to tomorrow's hearing on the *Private Mortgage Market Investment Act*. Reform of the secondary mortgage market will have a profound impact on credit unions and their 93 million members. Accordingly, NAFCU commends Chairman Garrett for his leadership in tackling this complex issue and looks forward to working with the subcommittee to ensure that lenders of all sizes are treated fairly in any housing finance legislation put forward.

The *Private Mortgage Market Investment Act* represents a well-intentioned effort to restore the private mortgage securities market while retaining essential functions of Fannie Mae and Freddie Mac in the short term. While this is a laudable goal, NAFCU remains concerned that efforts made in Congress, which could ultimately phase out the Government Sponsored Enterprises (GSEs) or put into place a secondary market without a government guarantee on the payment of principal and interest on mortgage backed securities, could be detrimental to the fragile housing market. NAFCU, therefore, cannot support this legislation in its current form, as it does not include the explicit government guarantee necessary to facilitate a reliable flow of credit for credit unions and other stakeholders in the marketplace.

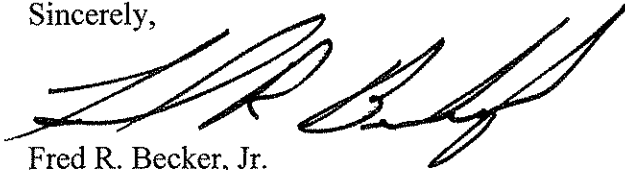
NAFCU would also like to take this opportunity to recognize the emphasis that the *Private Mortgage Market Investment Act* places on uniform underwriting standards. Credit unions did not contribute to the financial crisis and pride themselves in solid underwriting that creates high quality loans. The past performance of credit unions cannot be overlooked in the legislative process. As you know from

The Honorable Scott Garrett
The Honorable Maxine Waters
November 2, 2011
Page 2 of 2

previous correspondence, NAFCU has adopted a set of reform principles that include any GSE fee structure recognizing loan quality in addition to size and volume.

NAFCU appreciates the subcommittee's work on this issue and thanks you for this opportunity to provide our input. If my colleagues and I can be of assistance to you or if you have any questions regarding this issue, please feel free to contact myself or NAFCU's Vice President of Legislative Affairs, Brad Thaler, at (703) 842-2204.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred R. Becker, Jr.", written in a cursive style.

Fred R. Becker, Jr.
President and CEO

cc: Members of the Subcommittee on Capital Markets and GSEs