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B. Dan Berger
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National Association of Federal Credit Unions | www.nafcu.org

June 11, 2013

The Honorable Jeb Hensarling
Chairman
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Hensarling 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 with respect to tomorrow's hearing, "Beyond the GSEs: Examples of Successful Housing Finance Models without Explicit Government Guarantees." As you know, the future of the housing finance is of great importance to our nation's credit unions and their 95 million members. We appreciate the committee's attention to this issue and the opportunity to share the credit union perspective moving forward.

As not-for-profit cooperatives, NAFCU's primary concerns are that credit unions continue to have unfettered access to the secondary mortgage market and that any reform efforts place a heavy emphasis on fair pricing that reflects loan quality. The liquidity the current system provides is absolutely critical in enabling credit unions to serve the mortgage needs of their member-owners. Along with access to a healthy and viable secondary mortgage market, fair pricing is equally as critical in ensuring community-based financial service providers are not discriminated against based on type of institution, an institution's asset size or any other geopolitical issues. As has been widely recognized by Congress and various other stakeholders, credit unions did not contribute to the financial crisis and pride themselves on solid underwriting that creates high-quality loans.

As the Committee reviews instances of successful housing finance models without explicit government guarantees, NAFCU continues to believe that a comprehensive approach to U.S. housing finance reform that will also make taxpayers whole and protect them from future bailouts is essential. A comprehensive approach, in our opinion, includes making changes at the Federal Housing Administration (FHA) including but not limited to addressing the estimated shortfall in the FHA's insurance fund. Given the complex nature of the secondary mortgage market, we do not feel that a piece-meal approach would be the best way to proceed.

Thank you for the opportunity to put forward our views on this important issue. NAFCU understands that housing finance reform is a priority for the Financial Services Committee and urges members to move forward in a comprehensive manner that addresses our concerns outlined above. NAFCU welcomes the opportunity to provide additional views on housing finance reform as the legislative process progresses. If my colleagues or 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 "B. Dan Berger", with a large, stylized flourish at the end.

B. Dan Berger
Executive Vice President, Government Affairs

cc: Members of the House Financial Services Committee