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B. Dan Berger
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April 17, 2013

The Honorable Tim Johnson
Chairman
Senate Committee on Banking,
Housing and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Michael Crapo
Ranking Member
Senate Committee on Banking,
Housing and Urban Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Johnson and Ranking Member Crapo:

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 featuring testimony from Federal Housing Finance Agency (FHFA) Acting Director Edward DeMarco. As you know, the future of housing finance is of great importance to our nation's credit unions.

Given the FHFA's role in providing supervision, regulation and housing mission oversight of Fannie Mae, Freddie Mac, and the Federal Home Loan Banks, NAFCU would like to reiterate to the committee the importance of retaining a housing finance system that provides credit unions with unrestricted access to the secondary mortgage market. This source of liquidity is critical in enabling credit unions to serve the mortgage needs of their 95 million members-owners across the country.

The concept of the FHFA's new securitization platform, in and of itself, may not adequately address this concern of unrestricted access. In our comment letter to the FHFA, we expressed appreciation that the platform is designed to accommodate a market with or without a government guarantee. While we remain optimistic about the possibilities of the platform, especially in terms of improving efficiencies, we are concerned that the fundamental question of guaranteed access remains to be an uncertain proposition.

In addition to a healthy and viable secondary mortgage market that provides necessary access for community-based financial service providers like credit unions, Congress, in any reform effort, must put into place safeguards that will prevent discrimination based on type of institution, an institution's asset size or any geopolitical issues. To ensure this type of discrimination does not take place, NAFCU believes there needs to be a heavy focus on fair pricing that reflects loan quality as opposed to standards almost exclusively based on loan volume. Loan quality and underwriting standards are the best way to ensure a healthy and efficient secondary market and a strong housing economy. 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.

Thank you for this opportunity to provide input on this critical issue. 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 be "B. Dan Berger". The signature is stylized and includes a horizontal line extending to the right.

B. Dan Berger
Executive Vice President, Government Affairs

cc: Members of the Senate Banking Committee