



**National Association
of Federal Credit Unions**
3138 10th Street North
Arlington, VA 22201-2149

NAFCU | Your Direct Connection to Education, Advocacy & Advancement

October 13, 2014

Federal Housing Finance Agency
Office of Strategic Initiatives
400 7th Street, S.W.
Washington, DC 20024

RE: Request for Input: Proposed Single Security Structure

Dear Sir or Madam:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents federal credit unions, I write to you regarding the Federal Housing Finance Agency's (FHFA) Request for Input regarding the proposed single security structure.

As not-for-profit, mutual cooperative organizations, credit unions face regulatory limits on the scope of their investments and the government-sponsored enterprises (GSEs) that the FHFA oversees serve as a critical secondary market and source of liquidity for credit unions. Accordingly, in general, NAFCU supports the FHFA's proposal to improve the overall liquidity of the GSEs by creating a single security eligible to be traded in the to-be-announced (TBA) market. NAFCU believes that the proposal has the potential to reduce the training and compliance burdens for credit unions that transact business with the GSEs and to allow greater accessibility to the TBA market.

NAFCU encourages the FHFA to continue to pursue a transparent and level playing field and to avoid unnecessary exclusions or special options that would give a comparative advantage only to certain types of market participants in transactions involving the single security and in the TBA market in general. NAFCU also urges the FHFA to ensure that any existing GSE securities held by credit unions do not lose their marketability after the introduction of any single security. The FHFA should strive to meet its goal of full fungibility between legacy and new securities and, should the market demonstrate a distinct preference for the new single security, allow credit unions to exchange legacy securities for new ones. The FHFA should also seek to prevent the single security and TBA market from having a negative impact on the marketability or price of loans sold by credit unions to the GSEs.

FHFA

October 13, 2014

Page 2 of 2

NAFCU appreciates the opportunity to provide our comments. Should you have any questions or concerns, please feel free to contact me at ameyster@nafcu.org or (703) 842-2272.

Sincerely,

A handwritten signature in black ink, appearing to read "Angela Meyster", with a long horizontal flourish extending to the right.

Angela Meyster
Senior Regulatory Affairs Counsel