CUNA
Credit Union National Association

601 Pennsylvania Ave., NW
South Building, Suite 600
Washington D.C 200004-2601

Phone: 202-638-5777
Fax: 202-638-7734

October 28, 2014

Federal Housing Finance Agency
Office of Budget and Financial Management
400 7th St. SW
Washington, DC 20024

Re: Comments on FHFA 2015-2017 Enterprise Housing Goals

To Whom It May Concern:

The Credit Union National Association (CUNA) appreciates the opportunity to submit comments in connection with the Federal Housing Finance Agency's (FHFA) request for input on its housing goals for 2015-2017 relative to the government sponsored enterprises. By way of background, CUNA is the country's largest credit union trade organization, representing our nation's state and federal credit unions, which serve over 100 million memberships.

The safety and soundness of Fannie Mae and Freddie Mac (referred to as GSEs in this letter) are paramount to credit unions, and we believe should remain the most important mission of the FHFA in overseeing the operation of the GSEs. The FHFA has a statutory duty to ensure the GSEs carry out their housing finance and community-lending missions in a way that will allow them to remain adequately capitalized and be able to raise funds in the capital markets. CUNA supports efforts to implement strong risk management at all of the entities that FHFA regulates. In particular, section 1332(e)(2) of the Safety and Soundness Act requires FHFA to consider seven factors in setting the single-family housing goals. We urge the FHFA to monitor factor seven closely, which requires the need to maintain the sound financial condition of the GSEs. A broad interpretation of this factor by the FHFA should be used to ensure that none of the housing goals cause financial instability to the GSEs.

At the same time, we encourage FHFA to continue to work to find the right balance between safety and soundness on the one hand, and credit availability for American consumers on the other. In the wake of the financial crisis, mortgage credit has become less available for many Americans as underwriting standards have increased and the "qualified mortgage" (QM) has become the law of the land.

We appreciate that FHFA continues to allow certain non-QM loans to be sold into the secondary market, and are glad that FHFA recognizes that non-QM loans often are backed by vigorous underwriting. This is an especially important policy to maintain particularly regarding debt-to-income ratios, which in many cases tell only part of the story of a borrower's ability to repay. As FHFA considers how to meet its statutory obligations related to making housing affordable to Americans, it is important that FHFA's support for the purchase of non-QM loans continues unimpeded.

Finally, and most important to credit unions, it is essential that the federal government's regulations ensure that lenders of all types and sizes, including credit unions, have access to liquidity on terms that are equitable. This means that terms, rates, or conditions for selling loans in the secondary market or accessing liquidity from the Federal Home Loan Banks must be affordable and fair to all lenders, regardless of their size or charter type. CUNA believes FHFA should continue to work with lenders, including credit unions, to improve and promote the housing market recovery. Having a housing finance market that provides liquidity throughout the country requires strong participation by a wide range of lenders, including small lenders and lenders serving rural areas. Qualified financial institutions and creditworthy eligible borrowers have fair and equitable access to the financial services offered by the GSEs.

Conclusion

Credit unions stand as proud partners ready to work with FHFA to promote credit to people of modest means and improve the housing market for all Americans. We would welcome the opportunity to meet and discuss our concerns further. In the meantime, if you have any questions about our comments, please do not hesitate to contact me at (202) 508-6736.

Sincerely,

Mary Mitchell Dunn

Mary Mitchell Dunn
CUNA SVP eputy General Counsel