November 11, 2018

ATTN: Comments/ RIN 2590-AA94
Mr. Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
Constitution Center (OGC Eighth Floor)
400 7th St., SW
Washington, DC 20219

Re: RIN 2590-AA94
Uniform Mortgage-Backed Security Proposed Rule

Dear Mr. Pollard:

On behalf of the 2.2 million credit union members we represent, the Heartland Credit Union Association (HCUA) appreciates the opportunity to comment on the FHFA's proposed rule on the Uniform Mortgage-Backed Security and its impact on the housing finance market.

The Federal Housing Finance Agency (FHFA) previously announced its intention to require Fannie Mae and Freddie Mac to cease their current To-Be-Announced (TBA) market offerings and start issuing a new, common mortgage security by June 9, 2019. A number of industry stakeholders, including the Securities Industry and Financial Markets Association (SIFMA), responded to that announcement by identifying a series of unresolved issues that could jeopardize the success of the Uniform Mortgage-Backed Security (UMBS) launch. The FHFA's recently proposed rule is in direct response to the concerns raised. Specifically, the proposed rule seeks to address concerns about the potential for pricing variation due to misalignments between the policies, programs, and practices adopted by each individual government-sponsored enterprise by requiring alignment through consultation, reporting, and FHFA oversight.

Credit unions must be able to efficiently and affordably access the secondary mortgage market. With significantly fewer tools than banks to mitigate interest-rate risk, access to the secondary mortgage market plays a critical role in credit unions' efforts to increase liquidity, while effectively managing their balance sheets. The GSE securitization process is a key tool in many credit unions' tool boxes when looking to ensure their institution's safety and soundness. Any disruption in the TBA market would pose a threat to the ability of credit unions to effectively access the secondary market to increase liquidity and manage their bottom line. Preserving the strong liquidity offered by the TBA market is not only of critical importance to credit unions as lenders, but also their members who derive direct benefit from a robust secondary mortgage market. Specifically, the demand created by the TBA market has a direct impact on credit unions' ability to lower the interest rates charged to borrowers in the primary market and, as a result, increases the affordability of mortgage credit. The TBA market also allows credit unions to offer members the additional benefit of being able to lock in interest rates a month or more before their loan is finalized. Thus, the consistency provided by a stable, liquid TBA market encourages mortgage lending by credit unions and expands access to responsible mortgage credit for credit union members.

HCUA recognizes and applauds FHFA's efforts to address concerns with respect to the UMBS in order to facilitate the security's smooth transition into the TBA market. As always, we appreciate the opportunity to review this issue. We will be happy to respond to any questions regarding these comments.

Sincerely,

Bradley D. Douglas

Brad Douglas
President/CEO