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

November 21, 2012

Federal Housing Finance Agency
Office of Policy Analysis and
Research (OPAR)
400 7th Street, SW
9th Floor
Washington, D.C. 20024

RE: State-Level Guarantee Fee Pricing

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 am writing you regarding the Federal Housing Finance Agency (FHFA) notice in the *Federal Register* on an approach that the FHFA is considering to adjust charges imposed by Fannie Mae and Freddie Mac (GSEs) on mortgage loans for single-family units in five states. *See* 77 Fed. Reg. 58991 (Sept. 25, 2012).

The FHFA's notice indicates that the agency intends to increase guarantee fess on mortgages originated in Connecticut, Florida, Illinois, New Jersey and New York. On such mortgages, an up-front fee of between 15 and 30 basis points would be charged to lenders as a one-time payment on each loan. The fees are intended to allow the GSEs to recover costs associated with foreclosures.

NAFCU strongly opposes the FHFA's approach to increase guarantee fees in the five enumerated states. As the FHFA knows, the nationwide housing market is beginning to show signs of recovery; however, the market cannot be characterized as healthy. Further, while housing prices are recovering in many parts of the country, the same cannot be said for the markets in Connecticut, Illinois, New Jersey and New York, four of the five states affected by the proposal. *See* FHFA's Housing Price Index, Four-Quarter Appreciation, 2012 Q2, at http://www.fhfa.gov/Default.aspx?Page=14. Imposing additional cost to borrowing, especially on those borrowers who are creditworthy and ready to enter or re-enter the housing market, is both unfair to those borrowers and potentially damaging to housing market in those states.

The FHFA should, at the very least, withhold any guarantee fee increases until stable agency- and non-agency secondary markets have been established. To achieve this stage, Congress and the Administration should work together to reform the housing finance market. In the meantime, however, the FHFA should not take any actions that would create unnecessary obstacles to the recovery of the housing market.

NAFCU appreciates the opportunity to share our thoughts. Should you have any questions or require additional information please call me at (703) 842-2234 or Tessema Tefferi, Regulatory Affairs Counsel, at ttefferi@nafcu.org or (703) 842-2268.

Sincerely,

Carrie R. Hunt

Carrie Hunt
General Counsel and Vice President of Regulatory Affairs