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DANIEL A. MICA
PRESIDENT & CEO

May 12, 2010

The Honorable Mary L. Landrieu
United States Senate
328 Hart Senate Office Building
Washington, DC 20510

The Honorable Johnny Isakson
United States Senate
120 Russell Senate Office Building
Washington, DC 20510

Dear Senators Landrieu and Isakson:

On behalf of the Credit Union National Association (CUNA), I am writing in support of your amendment (#3956) to S. 3217, the *Restoring American Financial Stability Act* (RAFSA), that would alter the bill's residential mortgage risk retention requirement language. CUNA is the largest credit union advocacy organization in the United States, representing nearly 90 percent of America's 7,800 state and federally chartered credit unions and their 92 million members.

As you aware, many Senators and Members of the House of Representatives, as well as industry analysts and members of the media, have reinforced our assertion that credit unions did not play a role in the subprime lending crisis, nor the subsequent banking crisis that began in the fall of 2008. Being recognized as responsible players in the financial services marketplace, I believe that credit unions should not be unnecessarily burdened with new regulations that would have the unintended consequences of harming credit unions and thus potentially restricting the availability credit to credit union members seeking residential mortgage financing.

That is why CUNA supports this amendment to modify the bill's "skin-in-the game" credit risk retention requirements for home mortgages. The amendment narrows the scope of the risk retention requirements by allowing residential loans that meet a regulatory definition of "qualified residential mortgages" to be exempt from the retention requirements. Such "qualified mortgages", as defined by federal regulators, would likely include the types of responsible, non-exotic residential mortgages that credit unions offer their members. CUNA does request that the definition of "federal regulators" be amended to include the National Credit Union Administration, since credit unions will be directly impacted by this provision in the bill.

Credit unions have a long history of responsible lending. Their high underwriting standards have lead to lower charge-off rates in the current housing crisis than those experienced by other home financing entities. In addition, many credit unions already keep a high percentage of their home mortgage portfolios "on the books", maintaining a vested interest in the quality of those loans. However, some credit unions do utilize the secondary mortgage market to move responsibly underwritten home loans off their books in order to free up capital to make additional residential loans and to anticipate possible interest rate risks when market conditions change.

Again, CUNA supports passage of this amendment and I thank you for offering it as part of the debate on financial regulatory restructuring.

Sincerely,

Daniel A. Mica
President & CEO

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