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cuna.org

November 1, 2012

Acting Director Edward DeMarco Federal Housing Finance Agency 400 Seventh Street, SW Eighth Floor Washington, DC 20024

Short Sale Guidelines for Fannie Mae and Freddie Mac Re:

Dear Director DeMarco:

This letter addresses the Federal Housing Finance Agency's (FHFA's) new short sale guidelines for Fannie Mae and Freddie Mac, which are effective today. By way of background, the Credit Union National Association is the largest credit union advocacy organization in this country, representing approximately 90% of our nation's 7,000 state and federal credit unions, which serve about 95 million members.

Even though the guidelines are in effect, we felt it was important to communicate with you about the guidelines, which we generally support.

As part of the FHFA Servicing Alignment Initiative, under the new short sale guidelines, Fannie Mae and Freddie Mac will align and consolidate their existing short sale programs into one standard program. The new program will permit homeowners to sell their homes in a short sale even if they are current on their mortgage as long as the borrower has an eligible hardship, such as death of a borrower or co-borrower, divorce, disability, or relocation for a job, without any additional approval from Fannie Mae or Freddie Mac.

CUNA appreciates FHFA's goals to streamline short sales for mortgage servicers, lenders, and borrowers, and the agency's efforts to promote the housing market recovery.

We encourage FHFA to limit the application of the new guidelines to short sales only and not apply them to other types of borrower situations in which the borrower would like to remain in the home. We are concerned that broader application of the guidelines could have a negative impact on



home mortgage financing. We are also concerned that the guidelines could interfere with the ability of creditors to pursue deficiencies under state law.

The guidelines specify that Fannie Mae and Freddie Mac will offer up to \$6,000 to second lien holders to expedite a short sale. We urge FHFA to direct the GSEs to offer second lien holders the maximum possible and reasonable up to that amount. We also urge that flexibility be provided to the GSEs to allow second lien holders to recoup more than \$6,000 in some limited circumstances.

Further, FHFA should closely monitor the implementation of the new short sale guidelines. FHFA should solicit and incorporate additional feedback from mortgage participants regarding the short sale program throughout its implementation.

Thank you for consideration of these concerns. If you have any questions concerning our letter, please feel free to contact Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 508-6733.

Sincerely,

Dennis Tsang

CUNA Regulatory Counsel

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