



August 7, 2021

Michael Drayne
Acting Executive Vice President
Government National Mortgage Association
425 3rd Street SW
Washington, DC 20024

RE: Request for Input – Eligibility Requirements for Single Family MBS Issuers

Dear Mr. Drayne:

On behalf of Virginia's credit unions, I am writing in response to the Request for Input (RFI) issued by the Government National Mortgage Association (Ginnie Mae). The Virginia Credit Union League represents the Commonwealth's 110 credit unions of which two are Single Family MBS Issuers. We generally agree with Ginnie Mae's intent to establish requirements that address each issuer's mortgage banking activity and risk profile and make it easy to calculate an issuer's required capital. However, the RFI contains an assumption that counter party risks to Ginnie Mae are the same for credit unions and nonbank mortgage lenders. We do not believe Ginnie Mae's treatment of credit unions as "nonbanks" is appropriate. Ginnie Mae should properly recognize credit unions as depository institutions that are strictly regulated by the National Credit Union Administration (NCUA). NCUA has stringent capital requirements for insured credit unions. Grouping credit unions with nonbank mortgage lenders fails to consider that credit unions are heavily regulated and well-capitalized depository institutions.

It is our belief that Ginnie Mae should simply adopt NCUA's findings regarding credit union capitalization. NCUA addresses the risk profile of each institution that it examines. Credit union mortgage loans have continued to remain of high quality -- with low delinquencies and default rates -- even as the industry has grown market share.

Grouping credit unions with true nonbanks when establishing risk-based issuer requirements does not appropriately assess the credit risk, interest rate risk, and liquidity risk of depositories (credit unions). Complex credit unions, those with assets above \$500 million, will be subject to a risk-based methodology for capitalization effective January 2022. Credit unions that issue for Ginnie Mae should not have the burden of a separate requirement and calculation apart from NCUA.

Ginnie Mae should adopt a final policy for credit union issuers regarding eligibility and capital requirements that aligns and defers to NCUA. Thank you for the opportunity to provide input. You may contact me at chunt@vacul.org.

Sincerely,

A handwritten signature in black ink that reads "Carrie R. Hunt". The signature is written in a cursive style.

Carrie R. Hunt
President/CEO