

August 24, 2009

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Exception to the Maturity Limit on Second Mortgages

VIA ELECTRONIC MAIL: regcomments@ncua.gov

Dear Ms. Rupp,

The Michigan Credit Union League (MCUL) appreciates the opportunity to comment on the NCUA Board's interim final rule to amend its lending rules creating a limited exception to the 20-year maturity limit on second mortgages for federal credit unions (FCUs) that wish to participate in the U.S. Department of the Treasury's (Treasury) Making Home Affordable (MHA) Program. MCUL is a statewide trade association representing 96% of the 335 credit unions located in Michigan. This comment letter was drafted in response to input received from MCUL's member credit unions, and is written in accordance with presentation of the proposed rule.

MCUL Opinion

MCUL believes that the 20-year maturity limit for second mortgages should be permanently removed for all second mortgages, not just those that are modified under the MHA Program.

As the economic climate begins to improve, interest rates will invariably rise. Many borrowers may want to retain their low interest rate first mortgage and obtain a second mortgage. If the NCUA Board doesn't allow a term longer than 20 years, it will put FCUs at a competitive disadvantage, as their monthly payments on a 20-year mortgage will be much higher than a competitor's 30-year mortgage, even if the competitor has higher rates.

Additionally, while the MHA Program may provide the necessary assistance to certain borrowers struggling to stay in their homes, it limits the types of modifications that FCUs may wish to offer their borrowers. As a result, most FCUs, like most other mortgage lenders, have chosen instead to offer their own respective programs to assist borrowers. According to the *Washington Times* (August 14, 2009), just 200,000 borrowers have been enrolled in a loan-modification program that was intended to help 3 million or 4 million. Therefore, removing the 20-year maturity limit only for those second mortgages that are a part of the MHA Program would not serve to have much of an impact on assisting homeowners on the brink of foreclosure.

Conclusion

Federal credit unions working outside of the MHA Program have greater flexibility to provide modifications to meet their members' various needs. Removing the 20-year maturity limit for all

second mortgages would serve to assist FCUs by widening their respective modification options, as well as ensuring that FCUs remain competitive in the marketplace. Perhaps more importantly, however, the removal of the 20-year maturity limit would give consumers an even greater incentive to look to their respective FCUs for assistance.

MCUL appreciates the opportunity to provide comment on this interim final rule.

Sincerely,

Veronica Madsen
Director of Compliance & General Counsel
MCUL & Affiliates