



DCUC
DEFENSE CREDIT UNION COUNCIL

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Anthony R. Hernandez
President/CEO

April 8, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

The Honorable Dr. Benjamin S. Carson, Sr., M.D.
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Washington, D.C. 2410

Re: Impact of 6-12 Month Forbearances on Credit Union Mortgage Servicers

Dear Secretary Mnuchin and Secretary Carson:

On behalf of America's 181 Defense Credit Unions and over 25 million members, I am writing to express concerns on the impact of 6- to 12-month forbearances to mortgage servicers on our nation's credit unions. We understand under Ginnie Mae's Mortgage Backed Security (MBS) program, approved issuers who service mortgage-backed securities (MBS) are required to remit scheduled principal and interest (P&I) to investors, and make various other payments in connection with mortgage loans, even when monthly payments are not received from borrowers. This could also be the case with mortgage loans sold to Freddie, Fannie and USDA.

The cornerstone of the MBS Guaranty program has been and will always be that the investors who support access to affordable mortgage credit for the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture (USDA), and the U.S. Department of Veterans Affairs (VA) borrowers by purchasing Ginnie Mae securities will receive payments of principal and interest on time and in full. When this does not happen, the impact on credit union mortgage servicers creates increasing liquidity issues over the next year.

We are monitoring reports that nearly 37% of military spouses report having lost their jobs or having their hours reduced, and 28% of veterans responding to the poll have report the same. As such, there is already discussion on the military spouse blogs about military families NOT paying their rent and mortgages to compensate for the loss in family income. This will directly impact our members.

We also understand various agencies are already discussing this issue through a Treasury led task force. Please let us know what we can do to support your efforts and how can we ensure credit union representation is at the table during discussion of this topic by the any of the agencies.

If there is anything more we can do to highlight and provide additional information on these issues, please let us know. My office can be reached at (202) 734-5007 or at ahernandez@dcuc.org.

Sincerely,

Anthony R. Hernandez