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## Media Advisory

FOR IMMEDIATE RELEASE

### Hyland Urges Proactive, Balanced Approach on Mortgages

Alexandria, VA. December 6, 2007 -- National Credit Union Administration (NCUA) Board Member Gigi Hyland told Congress today that NCUA favors a balanced approach to restructuring of home mortgages that allows for "prudent workout arrangements" that "benefit both credit unions and their members."

Testifying before a House Financial Services Committee hearing on "Accelerating Loan Modifications, Improving Foreclosure Prevention and Enhancing Enforcement," Hyland assessed a series of federal and state proposals to improve the pace and volume of mortgage loan modifications, which may help troubled borrowers remain in their homes.

During her testimony, Board Member Hyland addressed H.R. 4178, legislation introduced by Representative Michael Castle (R-DE), which would provide for a safe harbor from legal liability for mortgage market participants who modify mortgage loans according to certain criteria, an FDIC proposal in response to that bill, a California proposal between the state and large mortgage servicers, and a draft amendment to increase penalties on lenders who engage in a pattern of unfair or abusive lending practices.

"We support good faith attempts to facilitate loan modifications. This is not only good for consumers, it's a realistic approach that takes into account the importance of the secondary market," commented Hyland.

Citing NCUA and interagency guidance on subprime lending that has been issued in recent months, Hyland underscored the importance of enhanced Agency oversight over this type of lending activity by credit unions. The testimony also noted that, while delinquencies and foreclosures in credit union mortgage lending have increased, they remain a very small part of overall credit union real estate lending. Hyland stressed that "NCUA is mindful of the broader market dislocation" and vowed that NCUA will continue to encourage credit unions to "take extra care" in mortgage lending, particularly in the non-traditional segment of the market.

Hyland also offered suggestions regarding the several proposals before the Committee, including broadening language to include FHA as well as VA loans in a definition of mortgages qualified for certain workout plans, extending the window for workouts and modifications from 6 to 12 months, and conforming a definition of "reasonably foreseeable default" to one used by NCUA and other regulators in lending guidance issued earlier this year.

"NCUA supports any responsible effort that enhances consumer protection while preserving the mortgage financing market's ability to attract and retain capital and liquidity," stated Hyland.

The text of Board Member Hyland's testimony will be available online at: [click here](#).

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