



August 25, 2014

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Poliquin:

Re: Comments on Proposed Rule - Asset Securitization, RIN 3133-AE29

Alaska USA Federal Credit Union (Alaska USA) appreciates the opportunity to comment on the proposed rule concerning asset securitization. Alaska USA is a federally chartered credit union with over \$5.7 billion in assets, serving over 500,000 members throughout the United States. Alaska USA provides mortgage products and related services to its members through Alaska USA Mortgage Company (AUMC), a wholly owned CUSO of Alaska USA. AUMC is the largest first mortgage provider in the state of Alaska, and originated \$1.38 and \$1.74 billion in mortgage loans in 2013 and 2012, respectively.

Alaska USA supports the proposal concept that credit unions should possess the authority to create securitizations and sell loans to capital markets. The authority granted in the proposal will allow credit unions to facilitate the lending needs of their members by providing another liquidity alternative to fund additional loans and lending products. As also noted in the proposed rule, asset securitization could be used as a tool to manage interest rate risk, while the sale of those asset-backed securities could enhance the financial strength through increased fee income that could be used to build net worth and risk-based capital. However, we believe there are several issues in the proposal that require clarification. Alaska USA has outlined our recommended suggestions below.

Loans the FCU Has Originated:

As currently written, the proposal specifically limits securitization of assets to only those loans originated by an FCU. The proposed rule does not address loans originated by a wholly owned CUSO or from a credit union's indirect lending program. We do not believe that the NCUA intended to specifically exclude loans originated by CUSOs or through the credit union's indirect lending program; therefore, we would suggest that the proposal include the expressed consent to securitize loans made by an FCU or its CUSOs. Further, we fail to see a material reason why an FCU should not be able to securitize and sell any loan that it can legally own, whether originated in-house or purchased. The assumption that securitizing a purchased loan exposes a credit union to more risk, than securitizing an in-house originated loan, is not supported. We recommend further clarification on this aspect in the proposal to ensure FCUs' parity with bank requirements.

Government Sponsored Enterprise Securitizations:

The proposed rule is unclear on how it will treat securitizations through programs administered by Government Sponsored Enterprises (GSEs). During the past two years, Alaska USA securitized and sold over \$946 million into the secondary market through GSE programs. We believe the NCUA intended for the rule to only apply to securitizations issued directly by the FCU; therefore, we would recommend that securitizations via a GSE program be exempt from the rule and that the proposal explicitly note the exemption.

Clean-up Calls:

The proposed rule does not address clean-up calls, which are routinely used in private securitizations to purchase back the remaining securities when the outstanding balances are reduced to an insignificant amount. Clean-up calls would give the issuing credit union the necessary ability to buy back the securities and related assets to avoid the expense of continued administration. We suggest that the Board give the expressed consent for FCUs to use clean-up call rights in securitizations they issue.

Forward Hedging:

Finally, we believe the NCUA should permit FCU issuers to use forward hedging tools to further manage interest rate risks related to the securitization process. Securitizations may often take more than the ninety (90) days to complete; however, the existing regulation limits option transactions to within ninety days of closing. We recommend the NCUA review and amend 12 C.F.R. 701.21(i) to permit FCUs to use forward hedging as an effective risk management tool.

Alaska USA supports issuing a rule to clarify an FCU's ability to securitize and sell loans into capital markets. The enhanced ability to compete in securitization markets can improve revenue sources, help manage risk and enable FCUs to better serve members. We look forward to NCUA's consideration of Alaska USA's recommended changes as outlined.

Sincerely,



Wayne Bailey
Chief Lending Officer