



Office of the President

November 20, 2012

FHFA OPAR
400 Seventh Street SW, 9th Floor
Washington, DC 20024

RE: State-Level Guarantee Fee Pricing
No. 2012-N-13

To Whom It May Concern:

Navy Federal Credit Union provides the following comments to the Federal Housing Finance Agency's Notice on State-Level Guarantee Fee Pricing. As the nation's largest natural person credit union with over \$50 billion in assets and more than four million members, Navy Federal is committed to serving the needs and improving the financial condition of our members.

Navy Federal does not support the state-level guarantee fee as a way to recover foreclosure costs incurred by Fannie Mae and Freddie Mac. Charging such a fee to all borrowers in the identified states will clearly penalize the vast number of creditworthy borrowers that have never defaulted and never will. This could also result in the unintended consequence of discouraging creditworthy borrowers from taking loans due to the increased cost. Currently, riskier borrowers are already charged loan level price adjustments to mitigate the risk their credit position represents. Adding another fee to these borrowers would in essence be doubling what they are paying for anticipated charges that they may or may not incur. Furthermore, these additional fees could push some of these riskier borrowers out of the market given the current state of the economy.

Navy Federal appreciates the opportunity to provide our comments on the Notice on State-Level Guarantee Fee Pricing. If you have any questions, please contact Mary Carter, Senior Policy Analyst, at (703) 206-3270.

Sincerely,

A handwritten signature in blue ink that reads "John Peden".

John Peden
Chief Operating Officer

JP/mc