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March 29, 2007

APR05'07 PM 3:13 BOARD

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

Re: Notice of Proposed Statement on Subprime Mortgage Lending

Dear Ms. Rupp and Members of the NCUA Board:

I am writing on behalf of the Board of Directors and management team of Visions Federal Credit Union which is headquartered in Endicott, New York and serves 112,000 members in southern New York and northern Pennsylvania.

You have asked for our comments specifically on four questions:

1. Will proposed qualification standards result in fewer borrowers qualifying for mortgages and are there some circumstances when such loans are appropriate?

Response:

By the very nature of the agencies imposing restrictions on the regulated financial institutions, fewer individuals will qualify for mortgages. But the rule making will have the intended effect however of prohibiting some of the predatory practices that exist in the market today and avoid getting some consumers into mortgages that they cannot afford after the adjustment period. Low initial payments can be useful for consumers in positions where they can reasonably expect income to rise in tandem with the mortgage payment increases, as long as they are reasonable caps on the yearly increases and the consumer is qualified at some higher level than the initial rate. Appropriate documentation of income should be required on these loans.

Features that are built into the loan that almost require regular refinancing (other than converting to standard mortgage rates because the consumer is no longer a sub prime borrower) are unconscionable and should be prohibited.

2. *Will the proposed Statement unduly restrict the ability of existing sub prime borrowers to refinance their loans and avoid payment shock?*

Response:

Again, any additional restrictions on supervised lenders will have the effect of reducing the ability of sub prime borrowers to refinance their loans and some defaults may be accelerated. A solution may be some way of allowing some exceptions for existing sub prime borrowers in special circumstance to refinance loans according to their existing agreements. In some cases,

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a sub prime borrower's credit and income position improves so that they can permanently refinance at standard market interest rates and terms. The sub prime loan is hopefully just an entry point.

3. *Should the principles of this proposed statement be applied beyond the sub prime ARM market?*

Appropriate documentation of income and restrictions on prepayment penalties are the two areas of guidance that could apply to fixed rate, sub prime mortgage loans to appropriately protect consumers while not inhibiting their ability to get credit.

4. *Comments on prepayment penalties in the initial fixed rate period if appropriate for those institutions with such penalties.*

This section does not apply to our credit union.

In summary -our credit union does not, nor ever would, engage in the type of sub prime mortgage lending practices that are the subject of the guidance but I understand the need for guidance. I am also not aware of any credit unions that do the sort of predatory lending the proposed rule seeks to prohibit since credit unions operate for the benefit of our member owners – and that includes not making them loans they cannot afford to pay.

Thank you for the opportunity to comment on these proposed rules.

Sincerely,

Frank E. Berrish
President/ CEO

cc: NAFCU