

NCUA LETTER TO CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: April 2007 LETTER NO.: 07-CU-06
TO: Federally Insured Credit Unions
SUBJ: Working with Residential Mortgage Borrowers
ENCL: [Statement on Working With Mortgage Borrowers](#)
REF: [Letter to Credit Unions #05-CU-15, Increasing Risks in Mortgage Lending](#)

Dear Board of Directors,

In 2005, the National Credit Union Administration (NCUA) discussed increasing risks to mortgage borrowers in Letter to Credit Unions 05-CU-15, *Increasing Risks in Mortgage Lending*. As discussed in that letter, some residential mortgage borrowers are experiencing mortgage repayment difficulties or “payment shock,” as the interest rates on their mortgages reprice or reset. Some of these borrowers may not have the ability to repay substantially higher payments since they were qualified based on low initial interest rates.

NCUA recently joined other federal regulators in issuing a statement encouraging financial institutions to work constructively with residential mortgage borrowers who may be unable to meet their contractual payment obligations. A copy of the joint statement is attached to this letter. Federally insured credit unions are reminded that prudent workout arrangements can be in the long-term best interest of both credit unions and their members. NCUA encourages credit unions to consider reasonable workout agreements, whenever sound, that allow members to keep their homes.

Sincerely,

/s/

JoAnn Johnson
Chairman

[Enclosure](#)