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March 25, 2010

Federal Trade Commission
Office of the Secretary
Room H-135 (Annex W)
600 Pennsylvania Avenue, N.W.
Washington, DC 20580

Re: Mortgage Assistance Relief Services

To Whom it May Concern:

The Credit Union National Association (CUNA) appreciates the opportunity to comment on the Federal Trade Commission's (FTC's) proposed rule that would address the practices of those who offer loan modification and foreclosure rescue services to consumers. CUNA represents approximately 90 percent of our nation's 7,900 state and federal credit unions, which serve approximately 93 million members.

Summary of CUNA's Comments

- CUNA supports the proposed rule, which would protect consumers from unscrupulous entities who take advantage of consumers by offering loan modification and foreclosure rescue services that impose high costs without providing any benefits. Credit unions and other lenders are also adversely affected since these services often interfere with their ability to provide reasonable and cost effective foreclosure options.
- CUNA supports the provisions that would exempt those that hold or service a loan secured by a home, which would exclude state-chartered credit unions that would otherwise be subject to these new rules. This will ensure that all credit unions will be exempted, since federally-chartered are not subject to FTC's enforcement jurisdiction. This exemption is appropriate since credit unions do not need additional rules to ensure they act in their members' best interests.

<u>Discussion</u>

In light of the current economic conditions, credit unions are working with those members who are having difficulty in meeting their mortgage obligations. This may entail providing loan modifications and taking other actions as an alternative to foreclosure. Although credit unions are offering their members valuable assistance in this area, we recognize that there are unscrupulous firms and individuals who offer loan modification and foreclosure rescue services to consumers. These entities do nothing more than take advantage of vulnerable homeowners by charging very high fees, without providing any tangible benefits.

In these situations, consumers are often in a worse position than before. They are often instructed to stop making mortgage payments, which only serves to increase the overall mortgage debt in addition to the fees and other penalties that result when payments to the lender or servicer are not made in a timely manner.

This increased debt also makes it more difficult for lenders because it will reduce the likelihood that modifications or other options that may then be offered by the lender will be successful. The result will be additional foreclosures, which will increase costs to the lenders, especially if they are unable to recoup the additional debt and fees that were caused by these unscrupulous loan modification and foreclosure rescue firms. For these reasons, CUNA supports this proposal as it would provide consumers with important protections from those for-profit firms that provide these services.

We are also pleased that this proposal would exempt entities that are subject to FTC's enforcement jurisdiction in this area if they hold or service a loan secured by a home. These provisions would, in effect, exempt state-chartered credit unions, while federally-chartered credit unions would not be affected since they are not subject to FTC's jurisdiction.

We strongly urge the FTC to retain this exemption in the final rule. Credit unions have not been the source of problems for home loan borrowers and do not need additional rules to ensure they act in their members' best interests. Credit unions are not-for-profit financial institutions that are governed by boards of directors elected by credit union members to represent the members' interests. This is in sharp contrast to the unscrupulous loan modification and foreclosure rescue firms who take advantage of vulnerable homeowners. This exemption is also necessary to ensure that state-chartered credit unions are not needlessly subjected to new regulatory burdens that will add to their compliance costs.

Thank you for the opportunity to comment on the proposed rule that would address the practices of those who offer loan modification and foreclosure rescue services to consumers. If you have questions about our comments, please contact Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 638-5777.

Sincerely,

Jeffrey P. Bloch
Senior Assistant General Counsel