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July 12, 2024

Federal Housing Finance Agency
Division of Bank Regulation
400 7th Street SW, 7th Floor
Washington, D.C. 20219

Re: Request for Input for FHLB Core Mission Activities and Mission Achievement

In response to the above referenced RFI, Louisiana Corporate Credit Union appreciates the opportunity to provide comments.

As a correspondent credit union, Louisiana Corporate Credit Union serves the credit, investment, and funds transfer services needs of over 100 credit unions in Louisiana and other states. Our membership and participation in the programs of FHLB Dallas are integral to our ability to fulfill this role. Following the failure of U.S. Central Credit Union in 2009, the FHLB system has become both central and critical to the liquidity needs of the credit union system. The role it plays and the services it provides are unique and cannot be readily or easily replaced by the NCUA's Central Liquidity Facility, The Federal Reserve Bank, or any other system participant.

FHLB Dallas plays a vital role in providing liquidity to our institution as well as many of the credit unions and affiliated organizations that we serve. Our member credit unions are important sources of residential mortgage lending in our area and constitute a strong and robust element of the retail financial services industry. We are not aware of any credit losses experienced by the FHLB associated with doing business with our credit union membership.

At Louisiana Corporate, one of our most integral functions is to provide lines of credit for credit unions without a direct relationship with the FHLB, FRB or a bank external to the credit union system. In addition, we provide a crucial source of secondary and contingent lines of credit to many FHLB member credit unions. With respect to residential mortgage lending activities, Louisiana Corporate provides a number of services to support our member credit union's residential lending programs, including funds transfers for closing and servicing, and a safe and competitive place to invest funding prior to disbursements. In addition, we support residential mortgage lending by holding a substantial portfolio of mortgage backed securities and collateralized mortgage obligations, as well as FHLB issued agency notes.

Changes to the manner in which the FHLB system presently provides liquidity to the entire financial community would impact Louisiana Corporate, as well as our member credit unions, and the entire credit union system. We believe that curtailment of the core role that the FHLB has assumed in credit union system liquidity would have a destabilizing impact on many financial institutions across the country who rely on their Federal Home Loan Bank as a stable and reliable liquidity source, both for short-term and longer-term funding needs.

Changes that would hamper Louisiana Corporate and our member credit union's ability to access FHLB funding as they currently do would be counterproductive and directly opposed to the FHLB's mission of supporting affordable home ownership. Without the support provided by their membership in the FHLB and/or indirect access to FHLB liquidity through Louisiana Corporate, it is likely that some of our members would discontinue residential mortgage lending as a component of their business. We believe that the Core Mission Activities report significantly underestimates the disruption and destabilizing effect that FHLB membership requirement curtailment will present to the credit union system, both in terms of duration and magnitude.

As a borrower that secures 100% of its advances with GSE securities in safekeeping at the FHLB, Louisiana Corporate acts to support the core mission of the FHLB system, and provides support through the use of the Bank's safekeeping, settlement and correspondent services while presenting no credit risk to the Bank.

We would also like to state that one key reason we assess that other central sources of liquidity are not capable of assuming the systemic role of the FHLB is the responsiveness and member service oriented approach of the management of FHLB Dallas. The variety of products available, competitive pricing and the willingness of FHLB Dallas staff to respond quickly to member needs makes them a critical and appreciated contributor to the liquidity of the credit union system.

Sincerely,



David A. Savoie, CPA, CFE
President/CEO