



Maine Credit Union League

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The Honorable Sandra L. Thompson
Director
Federal Housing Finance Agency
Constitution Center
400 7th Street, SW
Washington, D.C. 20219

RE: FHLB Core Mission Activities and Mission Achievement

Dear Director Thompson:

We appreciate this opportunity to comment on the FHLA's Request for Input to update the mission statement for FHLB. The Maine Credit Union League is the trade association for Maine's 49 credit unions, with an average asset size of \$231 million.

From our perspective, the mission of FHLB is well-defined in statute, and any updates to the mission would require statutory adjustments as opposed to rulemaking. Further, the mission to "provide reliable liquidity to member institutions to support housing finance and community investment" is one that serves our members well, enabling them to fulfill their missions and provide affordable loans for their communities.

We echo the comments of our national organization, America's Credit Unions, in requesting an expansion of the definition of "community financial institution" to include credit unions explicitly. The FHLB system is especially important in Maine, as 75% of our credit unions in Maine belong to FHLB of Boston, a higher proportion of membership than the national average for credit unions. For us, FHLB represents a critical source of liquidity enabling us to meet our mission and serve our communities, and we support any policies that increase access to these critical funds for credit unions.

Mission

The best way for the FHLB to ensure its mission is being fulfilled is by lending to institutions that share its principles and align with and support the mission as laid out by Congress. As not-for-profit financial cooperatives, we share structural similarities with other cooperatives like the FHLBanks and a dedication to cooperative philosophies, like concern for community. By providing low cost liquidity to lenders, it enables community financial institutions like credit unions to expand lending in mission areas. In 2018, liquidity was such a challenge for

credit union in Maine that many credit unions were faced with rejecting member applications for their low-income home ownership program due to a lack of liquidity. While their corporate credit union was able to lend on the short-term, corporate credit unions are limited in the terms of loans they can provide. FHLB provides crucial operational credit during times of need, including indirectly to the corporate credit union who was then able to expand access to liquidity during the time of need. Especially as small financial institutions, liquidity access when needed is crucial in credit unions ability to serve their members' – including with mortgage products.

Measurement of Mission

Like credit unions, FHLB have requirements for membership. Namely, all member institutions must support the overall mission of housing finance by having at least ten percent of its assets in residential mortgage loans. As long as this mission-based requirement for membership is met, it is our opinion that all lending done by FHLB supports the mission. All activities that increase liquidity, including the purchasing of mortgage loans and securities, enables credit unions to continue making loans in their communities. Measuring the output of the liquidity access would be duplicative and only lead to an increase in compliance and regulation costs for credit unions.

Member Incentive

We are also opposed to any form of member incentive that expands upon what is inherent in the existing cooperative structure. As small financial institutions, many credit unions would be unable to compete on volume and would be disadvantaged. Any complication or calculation of category thresholds or evaluation of housing and community development related activities would advantage larger financial institutions with more resources to devote to compliance rather than member and community service. Losing this critical access to operational liquidity would threaten the survival of small financial institutions, that are devoted to serving their communities and have a broader product base as a result.

Thank you for the opportunity to submit feedback. Preserving access to operational liquidity through the existing FHLB system is crucial for the continued survival of small financial institutions like credit unions.