



October 31, 2022

Sandra L. Thompson
FHFA Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Re: FHLBank System at 100: Focusing on the Future

Filed via website: [FHFA Input](#)

Dear Director Thompson:

CrossState Credit Union Association (CrossState) appreciates this opportunity to share comments regarding the current state and the future of the Federal Home Loan Bank (FHLBank) system, as the system celebrates its 90th birthday. CrossState is a regional trade association that advocates for nearly 500 credit unions located in the State of New Jersey and Commonwealth of Pennsylvania.

Credit unions and the FHLBank system were created during the same period and to address similar needs. The country was in the midst of the Great Depression and urban and rural centers were suffering. The FHLBank system was founded in 1932 by the Federal Home Loan Bank Act as a government sponsored enterprise to support mortgage lending and related community investment, and the Federal Credit Union Act was signed into law just two years later, in 1934 to promote thrift and provide affordable access to credit for provident and productive purposes.

With such similar backgrounds and service missions, it is no surprise that credit unions have long been members of the FHLBank system. FHLBanks and credit unions have weathered many storms and survived several of the worst economic crises in the history of the United States, including the recent pandemic and the Great Recession and mortgage crisis of 2008.

As with credit unions, the FHLBanks seek to operate in a safe and sound manner so that they can continue to provide liquidity and affordable funding to their members. In turn, this funding is used for the betterment of credit union members and the communities credit unions serve. While it may be appealing to consider offering FHLBank membership to nontraditional lenders to increase sources of funds, CrossState urges the Federal Housing Finance Administration (FHFA) to closely examine the potential risks that nontraditional lenders could pose to the FHLBank system. Many of the nontraditional lenders are not regulated the same as banks and credit

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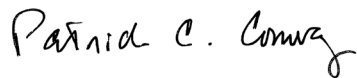
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unions. With interest rates rising at a rate not seen in decades and a volatile housing market, it is important that the FHLBank system remain safe and sound and able to provide its members with the funding and programs designed to improve the communities they serve.

Additionally, we encourage FHFA to seek amendment of the definition of community financial institution (CFI) in the Federal Home Loan Bank Act to include credit unions as CFIs. The current definition of CFI is a member with deposits insured under the Federal Deposit Insurance Act and assets less than the asset cap. This definition excludes credit unions, which has the undesired result of excluding credit unions operating in rural and underserved areas that do not otherwise meet eligibility requirements. These credit unions could benefit from membership to provide much needed services to advance affordable housing and community development projects.

CrossState and its member credit unions look forward to a continued partnership with the FHLBank system for the next 100 years and we congratulate the FHFA and the FHLBank system on this 90-year milestone.

With best regards,



Patrick C. Conway
President & CEO

cc: CrossState Board of Directors
CrossState Government Relations Committee
CrossState Regulatory Review Committee