

March 25, 2011

Alfred M. Pollard  
General Counsel  
Federal Housing Finance Agency  
Fourth Floor  
1700 G Street, NW  
Washington, DC 20552

Re: Request for Comment RIN 2590-AA39

Dear Mr. Pollard:

Bellco Credit Union is pleased to submit this comment letter in response to the Federal Housing Finance Agency's request for comment with respect to an Advanced Notice of Proposed Rulemaking as to whether Federal Home Loan Bank members should be subject to ongoing compliance monitoring regarding their mortgage-lending activities.

By way of background information, Bellco is a state-chartered credit union with in excess of 190,000 members and approximately \$2 billion in assets. FHFA is considering making three of their initial membership criteria subject to ongoing compliance testing to qualify for continued membership. These three membership requirements include:

- Long-term home mortgage loans (longer than 5 years)
- 10% of total assets must be residential mortgage loans
- "Character of the management" and home-financing policy that is consistent with sound and economical home financing

The proposed measures, in essence, mandate balance sheet and member business strategies that are better left to the sound discretion of a financial institution's management. As a credit union, our ultimate goal is to better serve our members. In this regard, it is inappropriate to shift key decision making away from executive management and our board of directors to regulatory bodies that are out of touch with the short and long-term financial needs of our membership.

Moreover, several of the proposals are a back door attempt to apply Community Reinvestment Act (CRA) standards to credit unions. Credit unions, as not-for-profit community based institutions, are exempt from CRA requirements. Credit unions, by their nature and mission of "people helping people," already meet the financial needs of a broad spectrum of people that fall within their fields of membership and play an active role in community development and growth. By virtue of their membership requirements, credit union products and services are offered within local communities. Therefore, credit unions should not be subject to burdensome regulatory requirements when they are already meeting and exceeding the intent behind CRA.

It would not make sense to implement additional regulatory burdens on credit unions since (1) credit unions did not participate in the "redlining" activities that prompted the imposition of CRA requirements on banks and thrift institutions, (2) credit unions serve people within their fields of membership at all income levels, and (3) regulatory requirements for financial institutions should be more efficient and effective, not increase burdens for the sake of redundancy. If credit unions were subjected to CRA requirements, the time and resources used to document the work they are *already* doing would take away from new initiatives to enhance existing services and expand to new underserved areas. This would also unnecessarily increase our compliance burden. While it is true that Bellco Credit Union could continue to meet the proposed FHFA membership thresholds, FHFA should withdraw the pending proposal for the foregoing reasons.

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#### CONCLUSION

Bellco Credit Union appreciates the opportunity to submit these comments regarding Advanced Notice of Proposed Rulemaking RIM 2590-AA39. We advocate that the Federal Housing Finance Agency withdraw the proposal and not proceed further with rulemaking on this issue.

Respectfully,

Dan Kampen  
Executive Vice President & CFO  
Bellco Credit Union