

June 30, 2009

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

**ATTN: Comments/RIN 2590-AA18**

Dear Mr. Pollard,

On behalf of Forward Community Investments (FCI), a Wisconsin nonprofit loan fund, I appreciate the chance to comment on the Federal Housing Finance Agency's (FHFA) request for comments on the proposed rule published in the *Federal Register* on May 15, 2009 regarding community development financial institutions' (CDFIs) membership in the Federal Home Loan Bank System (FHLBank System).

FCI is a nonprofit community development loan fund that seeks to advance a more just society by providing financing and technical assistance to Wisconsin nonprofits. As Wisconsin's only community loan fund dedicated to serving nonprofits, FCI works with organizations that serve economically-challenged and stressed individuals and households where affordable housing, community services and facilities, along with community stabilization, is the strategy used to promote long-term economic self-sufficiency.

Opportunity Finance Network (OFN) addressed all questions posed by the FHFA regarding the proposed rule and I encourage you to follow the guidance provided by OFN.

In particular, I strongly urge the FHFA to consider CDFIs as community financial institutions. My CDFI falls well below the \$1 billion asset threshold and we provide all types of lending.

Over the years, our loans have created or sustained 660 units of affordable housing, financed 50+ community facilities and indirectly provided services to more than 315,000 low-income individuals. And, through business incubation strategies and expanded community facilities, our nonprofit borrowers have created or retained 2,530 jobs for Wisconsin residents and added 980 new daycare slots.

The FHFA should consider CDFIs community financial institutions because they ARE community financial institutions. Not only would this help CDFIs like mine continue to offer much-needed services, but it would also allow us to help the FHLBs fulfill their mission for *both* affordable housing and community investment.

You are also proposing a minimum net asset ratio of 20 percent for membership eligibility. I believe this is unduly high and out of line with other financial entities, which are considered well capitalized with a net asset ratio of three to seven percent. A lower net asset ratio of 10 percent for membership eligibility is more appropriate since my CDFI has a sound equity base and we use that equity to leverage debt.

I would also like to emphasize the following points that Opportunity Finance Network made in its comment letter:

- CDFIs should be considered in compliance with the community support regulation by virtue of certification as a CDFI.



**FORWARD** *community investments*

- I agree with the FHFA that there is no need for a self-sufficiency ratio. My CDFI provides technical assistance and other services to our borrowers as part of our mission. Through workshops and seminars, individual consulting, facilities planning manual and an annual advocacy event designed to raise action for social change, Forward Community Investments has trained 500+ nonprofit leaders and annual provides one-on-one assistance to an average of 25 nonprofits, borrowers and non-borrowers alike. My organization should not be penalized for following CDFI certification requirements.
- The FHFA should require each FHLB to report on how many CDFIs applied for membership; how many were accepted as members; how many were rejected and why; and the CDFI members' use of advances.

Opportunity Finance Network addressed all questions posed by the FHFA regarding CDFI membership, and again, I urge you to refer to OFN's comment letter to provide guidance. In general, the proposed rule recognizes the unique characteristics of CDFIs and the valuable contribution we make to low-wealth and low-income communities across the nation. I would like to express my gratitude to the FHFA staff who undertook this endeavor to understand CDFIs and their benefit to the Federal Home Loan Bank System. I encourage you to finalize the proposed rule with the changes suggested as soon as possible.

Thank you for the opportunity to comment. Please do not hesitate to contact me at 608/257-3863 or by email at [sallim@forwardci.org](mailto:sallim@forwardci.org) if you have questions or need additional clarification.

Sincerely,

Salli Martyniak  
*President*