

From: ronehrenreich@coopfed.org
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Subject: Comments/RIN 2590-AA18

Ron Ehrenreich
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July 9, 2009

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

Dear Mr. Pollard:

I appreciate the Federal Housing Finance Agency's prompt publication of the proposed rule that would implement the 2008 Housing and Economic Recovery Act (HERA) requirement that certified community development financial institutions (CDFIs) are eligible to join a Federal Home Loan Bank (FHLBank). In general, the proposed rule is well-considered and designed to realize Congressional intent to enable CDFIs to become members of the FHLBanks. We believe the FHFA has proposed amendments to the eligibility criteria that recognize the unique characteristics of CDFIs and the valuable contribution they make to their communities, while remaining sufficiently rigorous to comply with the statutory requirements.

Our high impact, well capitalized, community development credit union has been trying to join a FHLB for the past few years. At first, they just did not understand our finances. We have been profitable for each of the last 26 years. In the last few months we have been getting much more cooperation, and a willingness to try to understand our finances. We provided the FHLB with copies of the Examiner Guidance that NCUA provides for examining CDCUs. We have resubmitted our application and hope to be approved soon. More education to FHLB staff about CDFIs would be useful.

Also, I recommend the following changes for the final rule:

1. Set targets. The FHFA should set goals ensuring that every FHLBank successfully enrolls a reasonable number of strong CDFIs as members within a year. We concur with CFED's recommendation of at least three per FHLBank and ten percent of certified CDFIs by the start of 2012.
2. Monitor implementation. The FHFA should require the FHLBanks to analyze and publish information regarding the implementation of this law as part of their Community Lending Plans.
3. All CDFIs should be eligible. The rule specifically excludes CDFIs that do not have at least 10% of their assets in single family mortgages. There are a number of CDFIs that primarily fund community economic development activities or multi-family housing. These CDFIs should be allowed to join as Community Financial Institutions.

4. Permit CDFIs chartered under tribal governments to join. The rule only notes that those CDFIs chartered under state or federal law can apply. Many Native American CDFIs are chartered under tribal law and should be able to participate.

5. Allow flexibility in the definition of home finance. The rule should encompass shared equity, multi-family housing and housing cooperatives.

As a government sponsored enterprise, the FHLBanks have a mission to support local community revitalization efforts. Proactive implementation of this opportunity can strengthen the FHLBanks by providing them more mission investments that will serve communities and improve their profitability.

Sincerely,

Ron Ehrenreich
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