

July 14, 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,

The undersigned organizations representing the nation's community development financial institutions (CDFIs) and others 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 CDFI membership in the Federal Home Loan Bank System (FHLBank System).

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

In particular, we strongly urge the FHFA to consider CDFIs as community financial institutions. Our CDFIs fall well below the \$1 billion asset threshold and we provide all types of lending, not just housing. The FHFA should consider CDFIs community financial institutions because they ARE community financial institutions. Not only would this help CDFIs 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. We believe this is unduly high and the best solution would be to better align CDFI net asset ratios with those of other financial institutions. According to the Federal Credit Union Act, a credit union is considered well capitalized if it has a net worth ratio of seven percent or greater.¹ For banks, the FDIC requires for all but the most highly-rated institutions that the minimum leverage capital requirement be a ratio of Tier 1 capital to total assets of not less than four percent,² to be considered well capitalized the percentage is five percent.³ For a savings association to be considered strong it must have a minimum ratio of core capital to adjusted total assets of three percent and all others must have a ratio of four percent.⁴

We suggest that **not greater** than a 10 percent net asset ratio is more appropriate and aligns the requirements for CDFIs more closely with current regulation for other financial institutions.

The FHFA proposes that a CDFI demonstrate that it has generated a positive net income for any of two of the three most recent years to support its earnings measurement.⁵ We request consideration to allow CDFIs to include additional years to support a pattern of positive net income. Given the current economy and the potential time it will take the FHFA to finalize the rule, we believe that it is appropriate to allow CDFIs to provide additional information to prove a history of positive net income rather than relying on just two years.

¹ Section 216(c)(1) of the Federal Credit Union Act (12 USC 1790d(c)(1)).

² 12 CFR § 325.3 Minimum leverage capital requirement.

³ 12 CFR 325.103(b).

⁴ 12 CFR 567.8.

⁵ Net income is defined as gross revenues less total expenses, based on the most recent financial statements. Gross revenues are total revenues received from all sources.

We suggest that the FHFA allow CDFIs to demonstrate a pattern of positive net income, excluding unrealized income or losses, using a rolling three-year average as is currently the case for community financial institutions to determine asset size.

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

- We agree with the FHFA that there is no need for a self-sufficiency ratio. CDFIs provide technical assistance and other services to our borrowers as part of our mission. We should not be penalized for following CDFI certification requirements.
- CDFIs should be considered in compliance with the community support regulation by virtue of certification as a CDFI.
- 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.

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. We would like to express our gratitude to the FHFA staff who undertook this endeavor to understand CDFIs and their benefit to the Federal Home Loan Bank System. We encourage you to finalize the proposed rule with the changes suggested as soon as possible.

Thank you for the opportunity to comment.

Sincerely,

- **Community Resource Group**
Fayetteville, AR
- **Southern Bancorp**
Arkadelphia, AR
- **Border Financial Resources**
San Luis,, AZ
- **Community Development Financial Institution of the Tohono O'odham Nation**
Sells, AZ
- **Salt River Financial Services Institution**
Scottsdale, AZ
- **ACCION San Diego**
San Diego, CA
- **Corporation for Supportive Housing**
Oakland, CA
- **Clearinghouse CDFI**
Lake Forest, CA
- **Low Income Investment Fund**
San Francisco, CA
- **Nehemiah Community Reinvestment Fund**
Sacramento, CA
- **Neighborhood Housing Services Silicon Valley**
San Jose, CA
- **Northern California Community Loan Fund**
San Francisco, CA
- **Opportunity Fund**
San Jose, CA
- **Colorado Enterprise Fund**
Denver, CO
- **Funding Partners for Housing Solutions**
Ft Collins, CO
- **Mile High Community Loan Fund**
Denver, CO
- **Community Capital Fund**
Bridgeport, CT

- **Greater New Haven Community Loan Fund**
New Haven, CT
- **Housing Development Fund, Inc.**
Stamford, CT
- **CFED**
Washington, DC
- **Housing Assistance Council, Inc.**
Washington, DC
- **National Housing Trust**
Washington, DC
- **National Housing Trust Community Development Fund**
Washington, DC
- **NeighborWorks Capital**
Washington, DC
- **Partners for the Common Good**
Washington, DC
- **Florida Community Loan Fund**
Orlando, FL
- **The Business Loan Fund of the Palm Beaches**
West Palm Beach, FL
- **Appalachian Community Enterprises**
Cleveland, GA
- **Atlanta Micro Fund Inc**
Atlanta, GA
- **Community Redevelopment Loan and Investment Fund**
Atlanta, GA
- **Maui Economic Opportunity Business Development Corporation**
Wailuka, HI
- **Idaho Nevada CDFI**
Pocatello, ID
- **IFF**
Chicago, IL
- **CEDA Community Development Fund**
Chicago, IL
- **Chicago Community Loan Fund**
Chicago, IL
- **ShoreBank Corporation**
Chicago, IL
- **Federation of Appalachian Housing Enterprises, Inc.**
Berea, KY
- **Kentucky Highlands Investment Corporation**
London, KY
- **Southeast Kentucky Economic Development Corporation**
Somerset, KY
- **Community Development Capital**
New Orleans, LA
- **Fitness and Praise Youth Development, Inc**
Baton Rouge, LA
- **Boston Community Capital**
Boston, MA
- **Boston Community Loan Fund**
Boston, MA
- **Housing Partnership Network**
Boston, MA
- **Nuestra Comunidad Development Corporation**
Roxbury, MA
- **RCAP Solutions**
Gardner, MA
- **WCHR Securities, Inc.**
Worcester, MA
- **Western Massachusetts Enterprise Fund**
Holyoke, MA
- **Baltimore Community Lending**
Baltimore, MD
- **Community Capital of Maryland**
Baltimore, MD
- **Enterprise Community Loan Fund**
Columbia, MD
- **Native American Capital, LLC**
Silver Spring, MD
- **Coastal Enterprises, Inc.**
Wiscasset, ME

- **Community Concepts, Inc.**
South Paris, ME
- **Genesis Fund**
Damariscotta, ME
- **MaineStream Finance**
Bangor, ME
- **Michigan Interfaith Trust Fund**
Lansing, MI
- **Northern Economic Initiatives Corporation**
Marquette, MI
- **Community Reinvestment Fund**
Minneapolis, MN
- **Greater Minnesota Housing Fund**
St Paul, MN
- **Midwest Minnesota Community Development Corporation**
Detroit Lakes, MN
- **Northeast Entrepreneur Fund**
Virginia, MN
- **Northland Foundation**
Duluth, MN
- **Credit Builders Alliance**
St. Louis, MO
- **Justine Petersen Housing and Reinvestment Corporation**
St Louis, MO
- **Delta Foundation, Inc.**
Greenville, MS
- **Enterprise Corp. of the Delta/HOPE**
Jackson, MS
- **Indian Land Capital Company**
Roscoe, MT
- **Sovereign Leasing and Financing, Inc.**
Ronan, MT
- **Wolf Point Federal Credit Union**
Wolf Point, MT
- **Mountain BizCapital, Inc.**
Asheville, NC
- **North Carolina Community Development Initiative**
Raleigh, NC
- **North Carolina Community Development Initiative Capital**
Raleigh, NC
- **SJF Ventures**
Durham, NC
- **Common Enterprise Development Corporation**
Mandan, ND
- **Midwest Housing Development Fund, Inc.**
Omaha, NE
- **New Hampshire Community Loan Fund**
Concord, NH
- **Cooperative Business Assistance Corporation**
Camden, NJ
- **La Casa Federal Credit Union**
Newark, NJ
- **New Jersey Community Capital**
Trenton, NJ
- **Trenton Business Assistance Corporation**
Mercerville, NJ
- **Homewise, Inc.**
Santa Fe, NM
- **New Mexico Community Capital**
Bernalillo, NM
- **The Loan Fund**
Albuquerque, NM
- **Alternatives Federal Credit Union**
Ithaca, NY
- **Capital District Community Loan Fund**
Albany, NY
- **CDT**
New York, NY
- **Community Capital Resources**
Hawthorne, NY
- **JobStart Chautauqua, Inc.**
Mayville, NY
- **Leviticus 25:23 Alternative Fund**
Elmsford, NY

- **Nonprofit Finance Fund**
New York, NY
- **Cincinnati Development Fund**
Cincinnati, OH
- **Cornerstone Corporation for Shared Equity**
Cincinnati, OH
- **Finance Fund Capital Corporation**
Columbus, OH
- **Northwest Ohio Development Agency**
Toledo, OH
- **Ohio Capital Finance Corporation**
Columbus, OH
- **Citizen Potawatomi CDC**
Shawnee, OK
- **Beech Capital Venture Corporation**
Philadelphia, PA
- **Bridgeway Capital**
Pittsburgh, PA
- **Community Capital Works**
Philadelphia, PA
- **Community First Fund**
Lancaster, PA
- **Greater Berks Development Fund**
Reading, PA
- **Northside Community Development Fund**
Pittsburgh, PA
- **Opportunity Finance Network**
Philadelphia, PA
- **The Reinvestment Fund**
Philadelphia, PA
- **West Philadelphia Financial Service Institution**
Philadelphia, PA
- **Corporacion de Desarrollo Economico de Ceiba**
Ceiba, PR
- **Glamour Community FCU**
Quebradillas, PR
- **South Carolina Association of CDCs**
Charleston, SC
- **First Nations Oweesta Corporation**
Rapid City, SD
- **Lakota Fund**
Kyle, SD
- **Northeast South Dakota Economic Corporation**
Sisseton, SD
- **Rural Electric Economic Development, Inc.**
Madison, SD
- **South Dakota Rural Enterprise, Inc.**
Sioux Falls, SD
- **Southeast Community Capital**
Nashville, TN
- **The Housing Fund**
Nashville, TN
- **ACCION Texas**
San Antonio, TX
- **El Paso Collaborative for Community & Economic Development**
El Paso, TX
- **Texas Mezzanine Fund, Inc.**
Dallas, TX
- **National Alliance of Community Economic Development Associations**
Arlington, VA
- **NCB Capital Impact**
Arlington, VA
- **Piedmont Housing Alliance**
Charlottesville, VA
- **REDC Community Capital Group, Inc.**
Richmond, VA
- **Northern Community Investment Corporation**
St. Johnsbury, VT
- **Vermont Community Loan Fund**
Montpelier, VT

- **Impact Capital**
Seattle, WA
- **Seattle Economic Development Fund dba Community Capital Development**
Seattle, WA
- **ShoreBank Enterprise Cascadia**
Ilwaco, WA
- **Washington CASH**
Seattle, WA
- **Forward Community Investments**
Madison, WI
- **Ways to Work**
Milwaukee, WI
- **Wigamig Owners Loan Fund, Inc.**
Lac du Flambeau, WI
- **Wisconsin Women's Business Initiative Corporation**
Milwaukee, WI
- **Natural Capital Investment Fund**
Shepherdstown, WV