

CINCINNATI
DEVELOPMENT
FUND

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July 13, 2009

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

RegComments@fhfa.gov

ATTN: Comments/RIN 2590-AA18

Dear Mr. Pollard,

On behalf of The Cincinnati Development 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).

The Cincinnati Development Fund (CDF) is a certified CDFI and CDE. CDF was created in 1988 by community leaders in banking and real estate development and has made over \$140 million in loans resulting in the creation of over 3200 units of housing in low & moderate income neighborhoods throughout Greater Cincinnati. Although we are a 501c3, we have operated with a modest profit for each of the past 8 years, and have net worth of over \$2.3 million. We are hopeful that our work may be enhanced by the ability to borrow low cost capital from the FHLB and that our mission will be furthered with access to the FHLB Affordable Housing Program (AHP).

CDF is a member of the Opportunity Finance Network (OFN), and supports the comments provided by OFN. There is one aspect of the proposed CDFI membership criteria in particular, that will disqualify the majority of CDFIs. 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. Unless there is a plan to alter the collateral or deposit requirements for CDFI members, the net asset requirement, in addition to the existing member collateral requirements for advances, would make FHLB membership eligibility unattainable or meaningless for most CDFIs.

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.
- 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. 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 513-721-7311 or j_golliher@fuse.net if you have questions or need additional clarification.

Sincerely,

Jeanne M. Golliher
Executive Director