



Credit Union National Association

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[cuna.org](http://cuna.org)

VIA email: [RegComments@fhfa.gov](mailto:RegComments@fhfa.gov)

July 14, 2009

Alfred M. Pollard  
General Counsel  
Federal Housing Finance Agency  
1700 G Street, NW – 4<sup>th</sup> Floor  
Washington, DC 20552

RE: RIN 2590-AA18 – Federal Home Loan Bank  
Membership for Community Development Financial  
Institutions

Dear Mr. Pollard:

The Credit Union National Association (CUNA) appreciates the opportunity to comment in response to the proposed rule that will extend membership in Federal Home Loan Banks (FHLBs) to qualified Community Development Financial Institutions (CDFIs) that are not federally-insured. This change implements provisions of the Federal Home Loan Bank Act, which was amended by Section 1206 of the Housing and Economic Recovery Act of 2008. CUNA represents approximately 90 percent of our nation's 8,000 state and federal credit unions, which serve approximately 92 million members.

#### **Summary of CUNA's Comments**

- CUNA strongly supports the proposal to extend FHLB membership to privately-insured CDFIs.
- All privately-insured credit unions should be allowed the opportunity to become members of an FHLB, in addition to CDFIs. Although this will require a change in current law, CUNA would welcome the opportunity to work with the Federal Housing Finance Agency in these efforts.

CUNA strongly supports the proposal to extend FHLB membership to privately-insured CDFIs. Private share insurance for state-chartered credit unions has been in existence since the early 1960s and currently provides an important alternative in nine states to Federal share insurance. It is our understanding that



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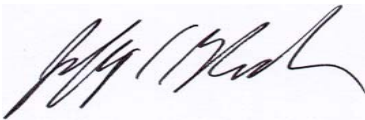
state agencies regulate privately-insured credit unions with the same objectives underlying the supervision of federally insured institutions.

As required by Federal law, privately-insured credit unions must provide substantial disclosures in periodic statements, on signature cards, and other account information. They must also disclose the nature of their insurance in their advertisements, which informs consumers that the Federal government does not guarantee deposits if the privately-insured credit union fails.

In addition to extending FHLB membership to privately-insured credit unions, we believe the above safeguards would also justify extending FHLB membership to all privately-insured credit unions, not just to CDFIs. Since all banks and thrifts are federally-insured, privately-insured credit unions are the only types of financial institutions that are not permitted to be members of an FHLB. We recognize this would require a change in the Federal Home Loan Bank Act, and CUNA would welcome the opportunity to work with the Federal Housing Finance Agency to achieve this result.

Thank you for the opportunity to comment on the proposed rule that will extend membership in FHLBs to qualified CDFIs that are not federally-insured. If you or other agency staff have questions about our comments, please contact Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 638-5777.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Bloch", written over a light blue rectangular background.

Jeffrey Bloch  
Senior Assistant General Counsel