

November 28, 2016

Alfred M. Pollard, General Counsel  
Attention: Comments/RIN 2590-AA85  
Federal Housing Finance Agency  
400 Seventh Street SW., Eighth Floor  
Washington, DC 20219

Re: Comments/RIN 2590-AA85  
Federal Home Loan Bank Membership for Non-Federally-Insured Credit Unions

Dear Mr. Pollard:

On behalf of America's credit unions, I am writing regarding the Federal Housing Finance Agency (FHFA)'s proposed rule proposed rule for Federal Home Loan Bank (FHLB) Membership for Non-Federally-Insured Credit Unions. The Credit Union National Association represents America's credit unions and their more than 100 million members.

As you are aware, Congress passed the Fixing America's Surface Transportation Act (FAST Act) which amended section 4(a) of the Federal Home Loan Bank Act (Bank Act) to authorize certain credit unions without Federal share insurance to become members of the FHLB. FHLBs are a reliable, low-cost source of liquidity for financial institutions and further provide access to the secondary market for the sale of home mortgages. As such, we greatly appreciate the FHFA moving forward with this rule to implement the changes made by the FAST Act.

Overall, CUNA supports the application and reporting requirements as they appear to be reasonable and in conformity with the treatment of insured credit unions. We further appreciate addressing the situation where a credit union voluntarily relinquishes its federal insurance and converts to a privately-insured credit union. Our one concern is the financial condition requirements wherein a composite CAMEL 1, 2, or 3 will be subjected to the performance trend criteria similar to the requirements for Community Development Financial Institution (CDFI) credit unions that qualify for FHLB membership, whereas insured credit unions with a composite rating of "1" are deemed to be automatically in compliance with the minimum performance standard. We believe it is appropriate to have the same automatic compliance standard for privately-insured credit unions as well. We appreciate the FHLB's lack of experience with non-federally-insured credit unions and

its concern that a privately-insured credit union may have a relative lack of familiarity with the regimes that apply to credit unions subject to supervision by a federal insurer; however, having now survived the “Great Recession,” the FHFA should be comfortable that those with a composite CAMEL rating of “1” are well equipped to perform. If the FHFA chooses to move forward maintaining the requirement, we request, at a minimum, that it revisit the requirement in 3 years once FHFA has obtained more seasoned history with privately-insured credit unions.

We greatly appreciate the FHFA’s attention to these matters. If you have further questions or would like to discuss this letter in more detail, please feel free to contact me at 202-508-3630.

Sincerely,

A handwritten signature in black ink, appearing to read "A. T. Price". The signature is fluid and cursive, with a large initial "A" and a distinct "P" at the end.

Andrew T. Price  
Sr. Director of Advocacy & Counsel