



Office of General Counsel  
1807 W. Diehl Road  
Naperville, IL 60563

28 November 2016

Alfred M. Pollard, Esq., General Counsel  
Attention: Comments/RIN 2590-AA85  
Federal Housing Finance Agency  
400 Seventh Street SW, Eighth Floor  
Washington, D.C. 20024

**Re: Federal Home Loan Bank Membership for Non-Federally-Insured Credit Unions**

Dear Mr. Pollard:

As the primary association for over 300 state and federally chartered credit unions, the Illinois Credit Union League is pleased to have the opportunity to comment and express our concerns about the Federal Housing Finance Agency's ("FHFA") Notice of Proposed Rulemaking ("NPR") and request for comments on Federal Home Loan Bank ("FHLB") Membership for Non-Federally-Insured Credit Unions. We fundamentally support the proposed rule and respectfully request consideration of some clarifications as noted below.

Firstly, we note that in §1263.19(a)(2) it states that an applicant shall send notice to its state regulator after receipt of the provisionally complete notice required under (a)(1). However, we believe that many if not all applicants would request this determination at the beginning of the application process and therefore before the provisionally complete notice would be issued. The way the current rule reads it could be interpreted that a request for determination must be sent only after the provisionally complete notice which would slow down and delay the process. We would recommend the addition of, "if not previously requested" that would clarify the request could be made earlier thus beginning the six month time period.

Next, we would ask for a small change to §1263.11(b)(3)(iii) to eliminate the potential additional burdens of meeting the CDFI minimum performance standards even for non-federally insured credit unions that have a CAMEL 1 rating. We believe that the intent of the legislation is that privately insured credit unions should be treated equally as their federally insured counterparts, assuming they are equally performing. While we understand the FHFA's concern stemming from their unfamiliarity with privately insured credit unions, any financial institution with a CAMEL 1 rating is clearly not a substantial risk and should not bear additional burden. Absent an immediate change to this section, we would request a commitment to review this requirement in two to three years once some experience has been gained.

Finally we believe there should be a small tweak to §1263.19(b) referencing members who cancel their federal insurance. It currently states that existing members would not need to reapply if they cancel their federal insurance as long as the cancellation is voluntary, however it would be more

accurate to state that current members will retain membership with no need to reapply if they convert to non-federal insurance. This would more accurately describe the facts (as an uninsured institution could not be a member) and would eliminate the need for a reference to voluntary cancellation.

We appreciate the consideration of our views and thank you for your time and efforts in supporting credit unions and their members. Should you have any questions or wish to further discuss these comments please contact the undersigned at 630-983-3407.

Sincerely,

A handwritten signature in blue ink, appearing to read "S. Haubner", with a stylized flourish at the end.

Steven C. Haubner  
Assistant General Counsel