

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
400 Seventh Street SW., Eighth Floor
Washington, DC 20219.

RE: Indiana Credit Union League Comments on RIN 2590-AA85

Dear Mr. Pollard,

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit comments on the Federal Housing Finance Agency's Proposed Rule addressing Federal Home Loan Bank Membership for Non-Federally Insured Credit Unions (NFICU). The ICUL member credit unions represent 97 percent of assets and members of Indiana's credit unions, with those memberships totaling more than 2.4 million consumers.

We are writing in support of the proposed rule that will facilitate non-federally insured credit unions applying for membership in the Home Loan Bank System. We appreciate the work that FHFA has done to implement legislation passed by Congress. We also concur with the proposed accommodation for credit unions that may convert to private insurance, so that there is no interruption to an institution's current status with the FHLB. However, there are two areas we would like to recommend the final rule address.

First, we would like to recommend modifications to the financial condition and financial performance requirements. For a NFICU with a composite CAMEL 1, 2, or 3 rating the proposal will require them to meet the performance trend criteria like the requirements for Community Development Financial Institution (CDFI) credit unions that qualify for FHLB membership. However, a federally insured credit union with a composite rating of "1" under current rules is 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 that have a composite rating of "1".

Second, there is a potential issue that is not addressed by the rulemaking. We have been made aware that some of our privately insured credit unions may be subject to different collateral standards than those of state-chartered but federally insured credit unions, and that these collateral standards may be applied to institutions that are presently members of the Home Loan Bank System that have recently converted to private insurance. It is our position that the law passed by Congress made clear that the Home Loan Banks have the same priority and security interest in collateral for non-federally insured credit unions as they do for other depository institutions; therefore, different collateral standards are unnecessary. We request that any final rule address this area, and provide equal treatment for collateral.

Thank you for your attention to these comments. If you have any questions about this letter, please do not hesitate to give me a call at (317) 594-5320.

Sincerely,
John McKenzie
President, Indiana Credit Union League