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Public Comments on Federal Home Loan Bank Membership for Non-Federally-Insured Credit Unions: =====

Title: Federal Home Loan Bank Membership for Non-Federally-Insured Credit Unions
FR Document Number: 2016-23289
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Submitter Info:

First Name: Suzanne
Last Name: Yashewski
ZIP/Postal Code: 78701
Email Address: syashewski@cornerstonel league.coop
Comment: 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:

This letter represents the views of the Cornerstone Credit Union League ["Cornerstone"] in response to the Federal Housing Finance Agency's ["FHFA"] proposed rule for Federal Home Loan Bank Membership ["FHLB"] for Non-Federally Insured Credit Unions. Cornerstone is the official trade association serving over 530 federal and state credit unions in Arkansas, Oklahoma, and Texas combined, and more than 8.9 million credit union members. Cornerstone appreciates the opportunity to comment on this very important issue.

We appreciate the FHFA moving forward with this proposal to implement changes authorized by the Fixing America's Surface Transportation Act (FAST Act) which amended section 4(a) of the Federal Home Loan Bank Act (Bank Act). The law authorizes 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.

Overall, Cornerstone 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. Looking at the history of privately insured credit unions, the FHFA should feel comfortable that credit unions with a 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.

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Thank you for considering our suggestions. Please feel free to contact me with any questions you may have.

Sincerely,

Suzanne Yashewski
SVP Regulatory Compliance Counsel
Cornerstone Credit Union League
(512) 863-8516
syashewski@cornerstonel league. coop

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