

February 8, 2012

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA38
Federal Housing Finance Agency
Fourth Floor, 1700 G Street, NW
Washington, D.C. 20552

Re: Community Support Regulation Amendments Proposed Rule

Dear Mr. Pollard:

The Credit Union National Association (CUNA) appreciates the opportunity to comment on the Federal Housing Finance Agency's (FHFA) proposal to amend the community support regulation to require the Federal Home Loan Banks (FHL Banks), as opposed to the FHFA, to monitor and assess the eligibility of each FHL Bank member for access to long-term advances through compliance with the Community Reinvestment Act of 1977 (CRA) and first-time homebuyer standards (the Proposed Rule). We appreciate your consideration of our views on this important matter.

By way of background, CUNA is the nation's largest credit union trade organization, representing approximately 90 percent of our nation's 7,300 state and federal credit unions, which serve approximately 95 million members.

Under its current community support regulations, the FHFA biennially reviews the performance of selected FHL Bank member institutions to evaluate institutions' compliance with the community support standards and determine member institution eligibility for access to long-term FHL Bank advances. While credit unions are not subject to the CRA or its associated reporting requirements, credit unions that are members of an FHL Bank must nonetheless submit to FHFA a Community Support Statement which evidences each member credit union's record of lending to first-time homebuyers as part of this evaluation process. See 12 CFR part 1290.

CUNA has significant concerns that the Proposed Rule would require the FHL Banks to act as regulators of their members.

The rule proposes to delegate responsibility for determining member compliance with the FHFA's community support requirements from the FHFA to each respective FHL Bank. CUNA believes that this approach would effectively require the FHL Banks to perform functions that are inherently

regulatory in nature. The Proposed Rule notes that requiring the FHL Banks to “...make decisions on any restrictions on access to long-term advances would be consistent with their general advances and underwriting responsibilities.” We disagree with this approach, and believe that determining whether or not a member is in compliance with a regulation is inherently a regulatory function. In CUNA’s opinion, the FHFA is best suited to determine compliance with its own regulations. CUNA also believes that as member-owned cooperatives, it would be inappropriate for the FHL Banks to act as both lenders to their members and regulators of them. The FHL Banks should be allowed to continue doing what they do best – fulfilling their mission by offering advances and community investment products to their members.

CUNA recommends that the FHFA amend its Proposed Rule to keep responsibility for determining compliance with the FHFA’s community support regulation at the FHFA, thereby ensuring the FLH Banks are not required to act as regulators of their members.

Thank you for the opportunity to comment on FHFA’s Proposed Rule. If you have any questions concerning our letter, please feel free to contact CUNA’s Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 508-6732.

Sincerely,



Jared Ihrig
Regulatory Counsel