

February 8, 2012

Alfred M. Pollard, Esp.
General Counsel
Federal Housing Finance Agency
1700 G Street, NW, Fourth Floor
Washington, DC 20552

Delivered Electronically

Subject: FHLB Community Support Amendments; RIN 2590-AA38

Dear Mr. Pollard:

The Northwest Credit Union Association (Association) welcomes the opportunity to comment on the Federal Housing Finance Agency's (Agency) proposal to amend its community support regulation which would require Federal Home Loan Banks (FHLBs) to monitor and assess the eligibility of its members for long-term advances through compliance with the Community Reinvestment Act (CRA) and first-time homebuyer standards.

The Association finds this change is unnecessary and believes it puts the FHLB into the unprescribed role of regulator when evaluating credit union compliance with first-time homebuyer and community support standards.

We believe the current system for verification and enforcement of community support standards has been implemented successfully. This system allows the FHLBs to rely on the Agency to evaluate a potential borrower's compliance with community support standards using one consistent, nationwide system and expertise. Decentralizing this system would require each of the FHLBs across the country to develop a system, expertise, and staff to take on that role. This would increase costs significantly and not only take time but resources that could better be used by institutions to help the struggling economy recover.

The Association also maintains concerns that this move could violate the intent of Congress which intentionally limited the role of the FHLBs to lenders, rather than regulators. There is a potential for conflict of interest between the FHLB as a lender and as a regulator which leaves the Federal Housing Finance Agency, the regulator, in the best position to do just that.

¹ The Northwest Credit Union Association is a regional trade association representing the interests of more than 200 credit unions and their six million consumer-members; institutions that employ and engage more than 10,000 people and hold more than \$50 billion in aggregate assets. The Association is a nonpartisan advocacy organization representing the interests of its member institutions on a variety of systemically important banking issues.

Credit unions affiliated with the Association are principally domiciled in the Northwest quadrant of the United States, but the Association also has members from the states of Alaska, Idaho, California and Hawaii. Learn more about the Association at www.nwcua.org.

While we do not support these provisions outlined above we agree with the expanded list of activities which would be deemed first-time homebuyer support and encourage additional support for the FHLBs in efforts to enhance member community support activities.

We believe the proposal should not move forward in its current form but would be pleased to work with the Agency in developing beneficial changes to the community support programs.

Thank you for this opportunity to comment, we would be happy to answer any questions you may have.

Respectfully,

Jaycee Winn
Director of Regulatory Advocacy
Northwest Credit Union Association