



Credit Union National Association

[cuna.org](http://cuna.org)

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April 21, 2010

The Honorable Christopher Dodd  
Chairman  
Committee on Banking, Housing and  
Urban Affairs  
United States Senate  
Washington, DC 20004

The Honorable Richard Shelby  
Ranking Member  
Committee on Banking, Housing and  
Urban Affairs  
United States Senate  
Washington, DC 20004

Dear Chairman Dodd and Ranking Member Shelby:

On behalf of the Credit Union National Association (CUNA), I am writing you regarding the provision of S. 3217, the Restoring American Financial Stability Act, related to concentration limits for systemically significant entities, as they may relate to the Federal Home Loan Banks (FHLBs). CUNA is the largest credit union advocacy organization in the United States, representing nearly 90% of America's 7,800 state and federally chartered credit unions and their nearly 93 million members.

As you may know, many credit unions are members of a FHLB and rely on them as a stable and reliable source of liquidity when making mortgage loans to credit union members. We are concerned that the 25% concentration limit for systemically significant entities would severely limit the ability of the FHLBs to meet their statutory obligations to their members. The concentration limit could restrict access to some credit unions borrowing in excess of the cap, cutting a stream of necessary funding. Further, the cap would likely increase the cost of funds for participating credit unions who do not borrow under the cap while decreasing funding for those who borrow in excess. This would ultimately drive the cost up for participating credit unions on both sides of the limit. This action will either inhibit credit unions from making loans or make those loans more expensive for credit union members.

As the mortgage market continues to recover from the recession, now is not the time to remove or reduce this important funding source. We understand that Congress intends to take up the important issue of housing finance reform in the near future. We encourage the Senate to approval language that was adopted by the House that exempts the FHLBs from the concentration limits under this legislation, and to the extent that it is appropriate and necessary, to consider this issue in the broader context of housing finance reform.

On behalf of America's credit unions, thank you very much for your consideration of our views on this issue.

Sincerely,

Daniel A. Mica  
President & CEO



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