

Federal Home Loan Bank Membership Parity

Federal Home Loan Banks (FHLB) are reliable, low-cost sources of liquidity. During the financial crisis they served as a key liquidity source for credit unions, ensuring that member service went uninterrupted.

The Federal Home Loan Bank Act (FHLB Act) treats similarly sized credit unions and community banks differently with respect to eligibility to join the FHLB System.

Under the FHLB Act, "Community Financial Institutions" are exempt from a requirement that 10% of assets must be dedicated to residential mortgage loans in order to access the liquidity provided by FHLBs.

However, the FHLB Act limits the definition of "community financial institutions" to FDIC-insured banks with less than \$1 billion. Credit unions are not insured by the FDIC (almost all are insured by the National Credit Union Administration); therefore, they cannot be considered "Community Financial Institutions."



Support H.R. 2473, which would correct the disparity in the FHLB Act definition to include credit unions in the definition of "Community Financial Institutions."