



FEDERAL HOUSING FINANCE AGENCY

Office of the Director

December 8, 2016

Habitat for Humanity International
Mortgage Bankers Association
National Association of Home Builders
National Association of Real Estate Investment Trusts
National Association of REALTORS®
Real Estate Board of New York
The Real Estate Roundtable

Dear Organizations:

Thank you for your letter of November 14, 2016 requesting the Federal Housing Finance Agency (FHFA) to develop regulations which would allow captive insurance companies that advance the mission of the Federal Home Loan Bank system to continue to be eligible for membership.

The proposal outlined in your letter is similar to proposals received by FHFA during the comment period prior to promulgating the final rule. However, FHFA concluded that Congress, not FHFA, should decide whether currently ineligible institutions should be eligible to avail themselves of the benefits of membership in a Federal Home Loan Bank, much as Congress did for the non-federally insured credit unions that you cite in your letter. In light of that, the final rule provided for a transition period of five years for captive insurers that had become members prior to issuance of the proposed rule on September 12, 2014 and one year for captive insurers who had become members after the issuance of the proposed rule.

Please contact me if you have additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Melvin L. Watt', is written over a light blue horizontal line.

Melvin L. Watt

cc: All Members, House Committee on Financial Services
All Member, Senate Committee on Banking, Housing and Urban Development