



October 22, 2014

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency
400 Seventh Street SW
Washington, D.C. 20024

Re: Notice of Proposed Rulemaking and Request for Comments – Members of FHLBanks (RIN 2590-AA39)

Dear Mr. Pollard:

I am writing to express serious reservations about the notice of proposed rulemaking regarding membership eligibility in Federal Home Loan Banks (FHLBanks) put forward by the Federal Housing Finance Agency (FHFA). The proposed rule includes significant changes to long-standing membership rules for the FHLBank system, including credit unions.

While TTCU The Credit Union would meet the requirements of the proposed rule today, the suggested changes establishes a problematic precedent. There remains a chance that at some point in the future, due to prudent management of interest rate risk or other factors, our institution could fail the test. Further, all financial institutions, including credit unions, should be free to manage their balance sheets in light of what's best for the institution, not the demands of a regulator.

Additionally, we have grave concerns regarding the adverse impact the proposed rule would have on other financial institutions in our region. The proposed rule changes could result in fewer members of FHLBank Topeka. This could lead to a smaller FHLBank with fewer assets, reduced profits, lower retained earnings, a decreased market value of equity and capital stock, and fewer dollars available for the Affordable Housing Program; which, would be inconsistent with Congressional intent and the Federal Home Loan Bank Act (FHLBank Act).

TTCU The Credit Union is also sympathetic to the plight of credit unions under \$1.1 billion in size but who are treated unequally in comparison to similarly sized banks because of a provision in the Federal Home Loan Bank Act which exempts community financial institutions (CFIs) from the 10% test. Clearly, federally insured credit unions stand on unequal footing with banks in this regard. While we will continue to advocate for Congress to amend the Federal Home Loan Bank Act to ensure credit unions are given parity with the privileges CFIs enjoy, we believe FHFA's proposed rule perpetuates this lack of parity.

TTCU The Credit Union is located in Tulsa Oklahoma with \$1.4 billion in total assets and 114,500 members. We have been a member of FHLBank Topeka for 14 years. Our institution is a vital source of a variety of loan types to our members and community. As permitted under the relevant FHLBank statute,

we use approved collateral to support advances from FHLBank Topeka. Potential loss of access to liquidity in times of crisis, even if we have sufficient eligible collateral to support our advances, is concerning. Advances are a critical tool for our institution as it allows us to offer competitive rates to members that might not otherwise be available without access to FHLB's liquidity. In addition, having a credit line and borrowing capacity with FHLBank Topeka promotes the safe and sound management of our institution.

Broadly speaking, FHLBank Topeka serves as a critical source of liquidity for credit unions in Colorado, Kansas, Nebraska and Oklahoma. The proposed rule is inconsistent with the FHLBank Act and Congressional intent, which reflects a desire to expand the membership base and eligible collateral accepted by, the FHLBanks. The FHLBanks are operating safely and soundly and within the authorities granted by Congress. The membership changes being considered would change requirements that have worked well and would ignore the collateral expansions Congress has granted over time.

Without access to our FHLBank, the credit available to communities in our region will be unnecessarily impacted. We believe this proposed rule is a solution in search of a problem. In light of the implications of this deeply flawed proposed rule on credit unions and the local communities they serve, we ask you to withdraw this rule.

Sincerely,

A handwritten signature in cursive script that reads "Tim Lyons".

Tim Lyons,
President
TTCU The Credit Union

CC: Oklahoma Banking Commission, NCUA
CC: Cornerstone League