



October 20, 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 very serious reservations about the notice of proposed rulemaking regarding membership eligibility in Federal Home Loan Banks (FHLBanks), that the Federal Housing Finance Agency (FHFA) recently issued. The proposed rule includes significant changes to long-standing membership rules for the FHLBank system, including credit unions.

While Centris Federal Credit Union would meet the requirements of the proposed rule today, we feel the rule sets a problematic precedent. Additionally, there remains a chance that at some point in the future, due to a decline in mortgage asset values or other factors beyond our control, our institution would fail the test. Further, credit unions should manage their balance sheets in light of what's best for the institution, not the demands of a regulator. Nor do we support the adverse impact the proposed rule would have on other financial institutions in our region. We're also cognizant that FHFA's proposed changes are inconsistent with Congressional intent and the Federal Home Loan Bank Act (FHLBank Act).

We're also very aware that the rule 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.

Centris Federal 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.

Centris Federal Credit Union is a credit union located in Omaha, Nebraska with \$526 million in total assets and 81,887 members. We have been a member of FHLBank Topeka for over 17 years. Centris

October 20, 2014

Page 2

Federal Credit Union is a vital source of loans for our members and our community. We offer a variety of loan types to our members. As permitted under the relevant FHLBank statute, we use approved collateral to support advances from FHLBank Topeka. Uncertainty regarding our future FHLBank membership and our ability to access liquidity in times of crisis, even if we have sufficient eligible collateral to support our advances, is concerning.

Access to advances is critically important to our institution because FHLBank liquidity allows us to offer competitive rates to our members that we might not otherwise be able to offer. In addition, having a credit line and borrowing capacity with FHLBank Topeka promotes the safe and sound management of our institution.

FHLBank Topeka serves as a critical source of liquidity for credit unions in Colorado, Kansas, Nebraska and Oklahoma. Centris Federal Credit Union urges FHFA to withdraw its deeply flawed and highly problematic proposed rule because it could put membership in jeopardy for many institutions like ours. The proposed rule is inconsistent with the FHLBank Act and Congressional intent, which has reflected a desire to expand both the membership base of, and eligible collateral accepted by, the FHLBanks. The FHLBanks are operating safely and soundly and within the authorities granted by Congress. The membership requirements being considered would change requirements that have worked well, and they 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 flawed proposed rule.

Sincerely,



Steve Swanstrom
President & CEO

CC: Hong-Phuong Huynh, NCUA

CC: Scott Sullivan, President & CEO, Nebraska Credit Union League