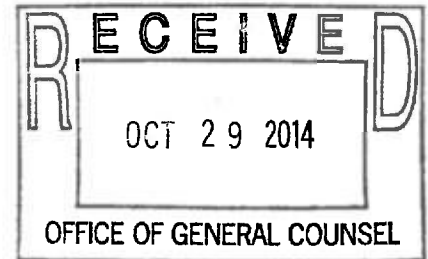


October 23, 2014

Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
400 7th Street, SW
Washington, D.C. 20024



RE: Notice of Proposed Rulemaking, RIN 2590-AA39
Members of Federal Home Loan Banks

Dear Mr. Pollard:

On behalf of the University of Hawai'i Federal Credit Union which serves over 29,000 members and has assets over \$550 million, I am writing to express our concerns with the proposed amendments to the FHLB membership requirements.

Specifically, the proposed requirement to hold 10% of assets in residential mortgage loans on a constant basis to remain members of the FHLB system would significantly increase membership criteria and potentially jeopardize current memberships. Potential members would also be discouraged from joining, which will disproportionately affect smaller credit unions. Further restricting membership diminishes the strength and reliability of the FHLB whom we depend on for liquidity and access to the secondary market.

Credit unions like the University of Hawai'i FCU rely on the FHLB as a source of liquidity. If the reliability of that source is at risk, it would naturally be prudent for our credit union to seek alternate, more dependable sources. Difficulty maintaining access to the FHLB system would have similar consequences.

The FHFA has an interest in ensuring that FHLB members maintain a commitment to housing finance. Making it difficult for smaller institutions to maintain membership is counterproductive to this objective. Specifically, the Mortgage Partnership Finance program available through the FHLB gives us access to the secondary market that we would otherwise not have due to our size. This option to sell our mortgages gives us additional opportunity to lend to our members, thus supporting the FHFA's interest in promoting housing finance.

In addition, the proposal increases the regulatory burden on credit unions. Specifically, the call reports by the National Credit Union Administration do not adequately indicate a credit union's balance sheet assets with the necessary degree of specificity (especially with respect to investment securities) to monitor compliance to the proposed rule. Therefore, we would be required to separately track our asset ratio in mortgage loans and/or mortgage-type securities. This undoubtedly leads to additional regulatory burden to both the FHLBank and its members in reconciling this issue.

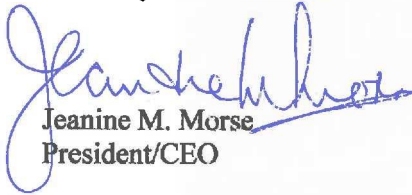
This regulation creates another compliance task and uncertainty for credit unions who will be forced to closely monitor their balance sheet to ensure they meet an arbitrary requirement on an ongoing basis. This rule may require credit unions to restructure their balance sheets to ensure compliance and certainly reduces our flexibility in managing our balance sheets.

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Thank you for the opportunity to comment on aspects of the proposed amendments to the FHLBank membership requirements. I would like to recognize the significant time and consideration the employees of the FHFA have spent in crafting the proposed regulation. I urge the FHFA to take sufficient time to gather and analyze all of the relevant facts and information before finalizing the rule.

Thank you very much for your time regarding this matter.

Sincerely,



Jeanine M. Morse
President/CEO