December 29, 2014

Federal Housing Finance Agency (FHFA)
601 Pennsylvania Avenue NW
400 Seventh Street SW., Eighth Floor
Washington, DC 20024

RE: Comments on Proposed Regulation on Federal Home Loan Bank Membership;Comments/RIN 2590-AA39

Dear Alfred M. Pollard,

Introductory paragraph:

I am writing on behalf of the Utah Credit Union Association, which serves 70 of Utah's 73 credit unions. Those 70 credit unions represent approximately 1.8 millioun Utahns and nearly $17 bilion in assets. The Utah Credit Union Association appreciates the opportunity to provide comments to the Federal Housing Finance Agency (FHFA) on its proposed regulation on Federal Home Loan bank membership.

Our Association has concerns regarding the proposed rule, and encourages the FHFA to modify them so they're more friendly to credit unions and other depository institutions.

Our biggest concern is regarding the disparity in treatement between credit unions and banks. At the least, credit unions should have parity with banks in how this rule applies to them--that is, that it does not apply to credit unions under $1 billion. Quite simply, credit unions should have the same exemption as banks.

In addition, as is not unheard of when a regulator sets asset size thresholds, the asset size exemption should be adjusted based on inflation. What a $1 billion institution was many years ago, is not the same relative to the market as a $1billion institution today. The threshold should be adjusted based on inflation since the establishment of the original $1 billion requirement--and adjusted moving forward.

Because other governing bodies require credit unions (and other financial institutions) to have adequate sources of liquidity, and to carefully consider their concentration of risk, the proposed rule could both reduce liquidity options for credit unions, and could also cause credit unions to concentrate assets not according to how it best suits their concentration risk, but how it best suits their liquidity risk. A more balanced approach would allow credit unions to pursue appropriate sources of liquidity, while maintaining the best concentration for their markets and memberships.

In summary, we ask that you consider adding parity for banks and credit unions in the rule, and adjust the asset size based on inflation. Credit unions value their access to the FHLB, and need the liquidity. Thank you for the opportunity to comment on this proposed regulation and for considering our views on Federal Home Loan bank membership.

Sincerely,

Stephen Nelson
VP-Credit Union Support
Utah Credit Union Association

cc: CUNA, CCUL