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January 5, 2015

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

RE: Notice of Proposed Rulemaking, Request for Comments: Members of Federal Home Loan Banks

Dear Mr. Pollard:

Thank you for the opportunity to respond to the Federal Housing Finance Agency (FHFA) notice of proposed rulemaking regarding revised membership regulations.

We are a member of the Federal Home Loan Bank (FHLB) of Cincinnati. The FHLB mission of providing a reliable source of housing finance to its members is certainly in-line with Fort Knox Federal Credit Union's mission of improving the financial lives of our members. We have been able to take advantage of many of the services offered by the FHLB of Cincinnati, and our members have benefitted as a result of our access to the FHLB.

We disagree that changes are needed to the FHLB membership regulations and are particularly concerned that some of the proposed rules would place an undue and disproportional burden on credit unions.

The FHFA expresses concern that a member applicant could cease making home mortgage loans after it becomes a FHLB member Thus, the FHFA proposes new percentage tests to "...ensure that benefits of membership, such as favorably-priced funding through advances, accrue only to institutions that demonstrate a meaningful commitment to supporting residential housing finance..." We believe the current FHLB advances business model ensures fulfillment of their housing finance mission. Member institutions only borrow when they have mission-consistent assets to pledge as collateral, and, therefore, FHLB members only benefit from favorable pricing when engaged in mission related activity. We believe this connection between housing finance and FHLB membership benefits addresses the FHFA's concern and that no adjustments to membership requirements are warranted.

The proposed rule regarding changing the 10% test from one-time to on-going fails to exempt credit unions smaller than $1 billion in assets even though other depository community financial institutions in that size category are excluded. If any changes are made to membership requirements, the changes should be applied consistently and credit unions should not have to meet a higher standard than other depository community financial institutions. But, on a broader note, we believe the change in the 10%

P.O. BOX 900 • RADCLIFF, KENTUCKY 40159-0900
PHONE (502) 942-0254

test from one-time to on-going is not warranted because of the current advances business model, which connects members to mission, as discussed above.

Additionally, given that none of the types of regulatory reports filed by FHLB members (FFIEC, NCUA, NAIC reports) will provide sufficient data to monitor the proposed on-going 10% test, it is likely depository financial institutions will be subject to additional reporting requirements. Since all credit unions are included in the proposed on-going 10% test, credit unions smaller than $1 billion in assets could have a greater reporting burden than other depository community financial institutions of the same size.

We respectfully ask that the FHFA reconsider this set of proposals and leave current FHLB membership requirements as is.

Sincerely,

Ray Springsteen
President/CEO

Ramona Buchanan
Chief Financial Officer

Rebecca Ates
Senior VP-Lending