



January 6, 2015

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:

Thank you for the opportunity to provide comments on the proposed rule regarding membership eligibility in Federal Home Loan Banks (FHLB) that the Federal Housing Finance Agency (FHFA) recently issued. Westerra Credit Union is a member owned community-based credit union serving approximately 92,000 members in the greater Denver metropolitan area. We are one of the largest credit unions in the state of Colorado, with over \$1.27 billion in assets.

FHLBank Topeka is a critical business partner providing both liquidity and balance sheet risk management services for its members. Access to advances is critically important to Westerra Credit Union as FHLB 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 FHLB Topeka promotes the safe and sound management of our institution. Uncertainty regarding our future FHLB membership and our ability to access liquidity when needed is concerning.

While Westerra Credit Union would meet the requirements of the proposed rule today, the rule sets a problematic precedent. All credit unions should be managing their balance sheets based on their individual risks and Asset Liability Management (ALM) needs, and should not be concerned that prudent ALM strategies, or factors beyond their control, such as declining mortgage asset values, could inadvertently lead to loss of access to this important liquidity and secondary market provider. The proposed rule would especially, and unfairly, impact smaller credit unions that serve as important sources of low cost loans to under-served communities. In addition, the rule would add more unnecessary regulatory compliance burden, at a time when institutions are already struggling to comply with the increasing amount and complexity of regulatory requirements.

The rule would almost certainly result in fewer members of FHLBank Topeka, and therefore a smaller FHLB 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. The rule would therefore likely reduce the strength of the system and potentially reduce liquidity available to all members. We believe a strong FHLBank with a broad membership base benefits all FHLBank members and the communities they serve.

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The proposed membership requirements being considered would change the long-standing requirements that have worked well. In addition, they are 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.

Without access to the FHLBank, the credit available to communities in our region will be unnecessarily impacted. In light of the negative implications of this proposed rule on credit unions and the local communities they serve, Westerra Credit Union respectfully requests the FHFA withdraw this proposed rule.

Thank you for consideration of these comments. If you have questions please feel free to contact us.

Sincerely,



Betsy H. Guerrero, CPA, CGMA
Chief Financial Officer



Jennifer Meyers, CPA
Senior Vice President of Finance