



Date: January 9, 2015

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

Re: **Notice of Rulemaking and Request for Comments – Members of Federal Home Loan Banks (RIN 2590-AA39)**

Dear Mr. Pollard:

On behalf of Oklahoma Employees Credit Union (OECU) and the 43,000 members in which we serve, I am writing to you regarding the Federal Housing Finance Agency (FHFA) request for comment on the proposed rule, Members of the Federal Home Loan Banks (FHLBs).

OECU uses the FHLB as a huge part of our secondary market real estate services to provide members with the best service possible, and it is an integral part of our overnight and long term liquidity strategies. While OECU applauds the efforts of the FHFA to improve the environment under which credit unions operate with regard to mortgage lending activities. However, after reviewing the proposal offered by FHFA, it is our belief that the proposed rule is more likely to restrict the FHLBs' ability to execute their mission than improve their ability to achieve their goals. In addition, we believe the proposal will contribute to a reduction in liquidity, less available credit, and a limit on the availability of funds for housing and badly needed economic development.

If a regulation is needed at this time the FHFA should take in consideration the points below:

- The FHFA should at least provide parity so that community banks and credit unions are treated equally for purposes of maintaining membership. While the statute does not allow credit unions to be considered Community Financial Institutions (CFIs) for purposes of securing FHLB membership, all credit unions should be treated as CFIs for purposes of maintaining FHLB membership, and should not have to meet the 10% test on an ongoing basis. In the alternative, all credit unions below the same asset threshold as community banks should be treated as CFIs for purposes of maintaining FHLB membership.
- FHLB membership is a critical tool of liquidity for OECU and many other credit unions. Because credit unions have more limited sources of liquidity, this regulation could hamper growth of the credit union system, given that it makes continued access to FHLB advances and mortgage

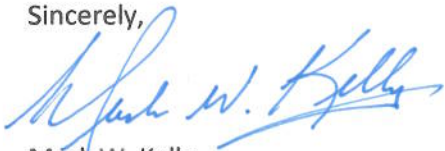
purchase programs contingent on arbitrary regulatory determinations related to mortgage asset tests.

- The proposed regulation is fundamentally at odds with regulations from other regulators. For example, NCUA's proposed risk based capital rule severely limits concentration in specific asset classes. Here, FHFA is encouraging concentration in residential mortgages. The net effect of these two rules together will be an exceptionally high level of capital for credit unions—too high for some to be competitive in the marketplace.
- The proposal imposes new regulatory burdens on FHLB members. Because credit unions will need to continually monitor the amount of assets directed to housing, the regulation will distort balance sheet management practices in an artificial manner. It decreases the flexibility of credit unions to manage their balance sheets in response to changing market conditions.
- The proposal could create interest rate risk for financial institutions. It would conflict with concerns of financial regulators that institutions reduce holdings of long-term fixed rate mortgages and sell them in the secondary market.

In summary, OECU is concerned that the proposed changes would significantly increase FHLB membership requirements for existing and prospective members, thereby reducing the availability and negatively affecting the reliability of liquidity on which we depend. Moreover, stricter requirements will call into question our ability to borrow under all future economic scenarios. The proposed changes will not only make certain members ineligible for membership, it would discourage potential members from joining. The net effect would be to inhibit the FHLBs' ability to serve the liquidity and housing and community development needs of their districts.

For these reasons listed above we ask that the FHFA withdrawal this notice of proposed rulemaking. Thank you for your consideration. OECU appreciates the opportunity to comment on these issues. Should you have any questions or wish to discuss, please feel free to contact me.

Sincerely,



Mark W. Kelly  
President/CEO