



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 the FHLBanks (RIN 2590-AA39)

Dear Mr. Pollard:

As President and CEO of Affinity Plus FCU, I am writing to express my institution's concerns about the notice of proposed rulemaking put forward by the Federal Housing Finance Agency (FHFA) regarding membership eligibility in the Federal Home Loan Bank (FHLB) system. The proposed rule includes significant and unnecessary changes to long-standing membership rules for the FHLB system. As Minnesota's second largest credit union with over \$1.7 billion of assets and more than 180,000 members, the proposed changes do not currently impact Affinity Plus' membership eligibility; however, as a co-operative we are concerned with the potential adverse impact for credit unions at large and for this reason, Affinity Plus opposes the proposed rule as written.

While the majority of credit unions would currently meet the requirements of the proposed rule, we are concerned that this rule may have an adverse impact on the ability of credit unions to prudently manage their balance sheet in response to dynamic economic and regulatory environments. Further, the proposed rule is in direct contrast to the concerns of financial regulators regarding the interest rate risk associated with an institutions holding of long-term fixed rate mortgages and the desire that this risk be reduced through secondary market sales. For many credit unions the FHLB system provides the secondary market access necessary to offer home loan financing without absorption of the resultant interest rate risk, as well as the ability to reduce existing exposure to long-term fixed rate assets in response to the concerns of regulators. The potential removal of this market access may reduce or eliminate the credit unions ability to offer home financing products to its members and thus reduce the industry's ability to show commitment to housing finance.

Additionally, as a credit union we are particularly concerned with the fact that, due to a provision in the FHLB Act which exempts community financial institutions (CFIs) from the 10% test, credit unions are treated unequally in comparison to similarly sized banks. While we will continue to advocate for Congress to amend the FHLB Act to ensure credit unions are given parity with the privileges CFIs enjoy, we believe FHFA's proposed rule perpetuates this lack of parity and disenfranchises credit unions through the ongoing mortgage asset test. We feel that through collateral pledge requirements, current membership rules are sufficient to ensure active members have mortgage-related assets that reflect a commitment to housing finance and thus render the ongoing mortgage asset test unnecessary.

Affinity Plus supports a strong FHLB system with members who reflect a commitment to housing finance; however, it is our opinion that the proposed rule unnecessarily complicates membership and increases liquidity concerns for FHLB members. We respectfully ask FHFA to reconsider its proposal in light of the potentially adverse impact it may have on a credit unions ability commit to housing finance.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dave Larson', is written over a large, faint blue watermark of the number '1'.

Dave Larson  
President/CEO  
Affinity Plus Federal Credit Union  
Charter: 24362

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