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:

I am writing to express my concerns about the notice of proposed rulemaking regarding membership eligibility in Federal Home Loan Bank (FHLBanks) put forward by the Federal Housing Finance Agency (FHFA). The proposed rule includes significant and unnecessary changes to long-standing membership rules for the FHLBank system. The proposed changes are inconsistent with Congressional intent and the Federal Home Loan Bank Act (FHLBank Act). For these reasons 1st Financial Federal Credit Union opposes this proposed rule.

My name is Carol Minges. I am the Chief Executive Officer of 1st Financial Federal Credit Union. Our institution serves the deposit and lending needs of people that live, work, or worship in St. Louis City, St. Louis County, and St. Charles County. Our credit union was formed in 1968. We have approximately 200 million in assets and currently serve 34,500 members.

We joined the Federal Home Loan Bank in 2013 because we were looking for additional sources of liquidity to help us meet our strong loan demand. We regularly take advantage of both overnight and term sources of liquidity. In addition, we have a line of credit at FHLB that serves as a contingency liquidity source. Due to the increasing regulatory burden of first mortgage lending, in 2012 1st Financial Federal Credit Union moved to a third party underwriting and servicing arrangement for first mortgage originations. Although we still have a solid portion of our portfolio in mortgages, at the current time we only portfolio loans that fall in line with our interest rate risk strategy. I am concerned that if this proposal passes, as we continue to manage interest rate risk in our balance sheet, there is a chance that we may drop down below the requirement to have 10% of our assets in mortgages and will, in turn, lose our membership in FHLBank. If we then rise back above 10%, we will be able to become members again. We cannot appropriately manage liquidity and interest rate risk while having to keep our mortgage balances above a pre-defined threshold.

Your agency's proposed rules could fundamentally change how, or even whether, a depository financial institution such as ours could remain a member of a FHLB Des Moines. This is enormously disturbing. We need to know that the FHLB Des Moines can provide funding on a moment's notice as it did in the recent financial crisis.

Because the proposals would harm FHLBank members and hurt housing, credit and economic growth, we ask that the FHFA withdraw the new membership rules contained in its September 12, 2014 Notice of Proposed Rulemaking and work with FHLB members to preserve the FHLBs as a reliable partner of its members that benefits local lending institutions, communities, housing, homeownership and the nation's economy.
I strongly recommend that you withdraw the proposed rule. Thanks for taking our comments into consideration.

Sincerely,

Carol Minges
Chief Executive Officer
1st Financial Federal Credit Union