



January 12, 2015

Alfred M. Pollard, General Counsel  
Attention: Comments/RIN 2590-AA39  
Federal Housing Finance Agency  
400 Seventh Street SW, 8th Floor  
Washington, DC 20024

**RE: Members of Federal Home Loan Banks, RIN 2590-AA39**

Dear Mr. Pollard:

On behalf of Randolph-Brooks Federal Credit Union (RBFCU), this letter is being submitted in response to the Federal Housing Finance Agency (FHFA) request for comment regarding the proposed amendment to the regulations governing Federal Home Loan Bank membership.

**Proposed Changes are Not Needed**

We believe that the proposal is not needed given the current structure and strength of the Federal Home Loan Bank (FHLB) system. The current method requires that financial institutions meet certain eligibility requirements in order to borrow from the FHLB. Furthermore, a member financial institution must have eligible collateral to pledge in order to borrow funds. In order to have eligible collateral, it must make sufficient mission related loans and hold sufficient mission related assets. This system provides for maximum flexibility while still ensuring that the FHLB system remains strong.

**Ongoing Asset Tests Concerns**

The imposition of ongoing asset tests will result in uncertainty for member financial institutions regarding their future ability to meet the tests in all market conditions and maintain their membership and borrowing ability. Uncertainty regarding the ability to borrow may affect safety and soundness standings with the NCUA.

In addition, uncertainty over continued membership eligibility may also harm the FHLB system as a whole. As member financial institutions become ineligible, they will have to redeem their stock, which may destabilize the capital of individual FHLBs and therefore, the entire system. The entire system may be viewed as less stable and reliable by financial institution regulators.

Such uncertainty may also result in financial institutions declining to finance certain projects and investments in detriment to their local communities. This proposal may ultimately reduce liquidity, tighten credit, and reduce available private sector funding for affordable housing and community development.

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Ongoing asset tracking will also add regulatory burden for the FHLBs, the costs for which will most likely be passed on to member financial institutions, which will ultimately be passed on to borrowers.

We respectfully request that the provisions of the proposal that require credit unions to continually monitor and maintain 10 percent of their assets in residential mortgage loans be removed from any final regulations.

#### Financial Institutions Will Lose Flexibility to Manage Balance Sheets

The proposal is inconsistent with measures other federal agencies are taking to regulate the credit union industry. Because other governing bodies require credit unions to have adequate sources of liquidity, and to carefully consider their concentration of risk, the proposed rule could both reduce liquidity options for credit unions, and could also cause credit unions to concentrate assets not according to how it best suits their concentration risk, but how it best suits their liquidity risk. Credit union management teams need the flexibility to react to changing market conditions and to pursue appropriate sources of liquidity while maintaining the best concentration for their markets and memberships.

We respect and understand the goals of the FHFA in connection with the proposed amendment, but we believe concerns regarding the current system are unfounded and that it is currently functioning well. The proposed amendment, while well-meaning, may actually cause a great deal of harm to the current FHLB system and ultimately, the communities that credit unions serve. Thank you for allowing us to provide you with our feedback on these issues.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Sekula".

Mark Sekula  
EVP-Chief Lending Officer