

January 12, 2015

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 Proposed Rulemaking and Request for Comments – Members of  
Federal Home Loan Banks (RIN 2590-AA39)

Dear Mr. Pollard:

The purpose of this letter is to express our opposition to the notice of proposed rulemaking (the Proposal) regarding members of the Federal Home Loan Banks (FHLB) published by the Federal Housing Finance Agency (FHFA) on September 12, 2014. Thank you for the opportunity to comment. Alliant Credit Union (Alliant) is the largest Illinois chartered, federally insured credit union and the seventh largest credit union in the nation. With over \$8 billion in assets, Alliant serves over 270,000 members worldwide. While Alliant is not a member of the FHLB at this time, we are exploring the possibility of becoming a member in January 2018.

The Proposal outlines new continuing membership requirements and sets forth significant changes to FHLB membership eligibility that conflict with the FHLB statutory authority and mission. In 2008, with the Housing and Economic Recovery Act, Congress formalized the FHFA's role in ensuring that the FHLBs are able to "foster liquid, efficient, competitive, and resilient national housing finance markets" and explicitly recognized the FHLB's mission of providing liquidity to members as well as supporting affordable housing and community development (12 U.S.C. § 4513). Since the financial crisis, the National Credit Union Administration (NCUA) has emphasized the importance of access to reliable liquidity sources in an effort to strengthen the credit union system. The availability of same-day funding offered by the FHLBs can play a critical role in supporting and stabilizing credit unions during times of economic stress. However, the ability to rely on the liquidity provided by the FHLB, particularly in times of economic distress, would be seriously undermined if the FHFA were allowed to establish requirements credit unions must meet simply to remain an FHLB member. Membership in the FHLBs has been steadily expanded by Congress over the years, never contracted.



Furthermore, this Proposal contradicts the effort to strengthen the credit union system by undermining the reliance of credit unions on the FHLBs. In doing so, it threatens to weaken the broader financial system while offering nothing to prevent a repeat of the financial crisis. The Proposal does not set forth a compelling need for such an extensive change.

We are also concerned about the Proposal's disparate treatment of credit unions and community banks. While the proposal would require all credit unions to maintain at least 10% of their total assets in residential mortgage loans, only banks with assets above \$1.108B would be subject to the same ongoing requirement. Smaller banks, designated as community financial institutions, are not subject to the 10% test and the requirement that credit unions continually satisfy this 10% requirement would be fundamentally unfair.

Finally, the Proposal allows the FHFA to require ongoing eligibility requirements for members, and nothing prevents it from increasing those thresholds, or imposing entirely new requirements in the future. The Proposal might simply be the first of many such eligibility requirements imposed upon FHLB members, purportedly in an effort to ensure that a sufficient housing finance nexus is maintained at all times by members.

In conclusion, we respectfully request that the FHFA withdraw its Proposal. Thank you again for the opportunity to comment.

Sincerely,

A handwritten signature in cursive script, appearing to read "David W. Mooney".

David Mooney  
President and CEO