



Mr. Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
400 Seventh Street, SW, Eighth Floor
Washington, DC 20024

January 9, 2015

Dear Mr. Pollard:

Re: Notice of Proposed Rulemaking and Request for Comments - Membership Requirements for Federal Home Loan Banks (RIN 2590-AA39)

Thank you for the opportunity to comment on the proposed rule regarding membership requirements for the Federal Home Loan Banks (FHLBs).

Alaska USA is federally chartered credit union with \$5.8 billion in assets, serving over 500,000 members. In 2014, we originated \$1 billion in mortgages and at year end had a mortgage loan servicing portfolio of \$4.9 billion. The vast majority of the mortgage loans originated by Alaska USA each year are sold to the secondary market for strategic and asset liability management purposes. We have been a member of the FHLB of Seattle since August 1995, and they have provided valuable loan funding and professional services to Alaska USA and its members. It has been a mutually beneficial relationship.

The proposed rule will require an annual eligibility test to belong to the FHLB of at least 10% of assets in "residential mortgage loans" and 1% of assets in "home mortgage loans." Our concern with this proposed test is that it limits management discretion regarding an institution's balance sheet and interest rate risk strategies. The proposed membership requirements do not accommodate financial institutions like Alaska USA that have made a business decision to limit their long-term asset exposure in mortgage loans as part of their asset liability management strategy. These institutions support the FHLB goal of helping families realize the dream of home ownership as much or more than those that portfolio mortgage loans.

We recommend the FHFA develop a membership test that accommodates those institutions that originate and sell mortgages on the secondary market. In those instances, a certified calculation of sold mortgages plus portfolio mortgages relative to assets, such as 10%, could be provided by the institution.

We also believe the FHFA should provide parity for maintaining FHLB membership between community banks and credit unions by requiring credit unions to only meet the 1% "home mortgage loans" asset test on an ongoing basis.

Thank you for the opportunity to comment on the proposed rule. If you have any questions, please feel free to contact me at (907) 786-2780.

Sincerely,

A handwritten signature in black ink that reads "Nelson C. Lowe".

Nelson C. Lowe
Senior Vice President,
Treasury