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:

The purpose of my letter is to let you know personally how concerned we at DuTrac Community Credit Union, Iowa, are about the notice of proposed rulemaking regarding FHLB membership eligibility by your agency- Federal Housing Finance Agency (FHFA). In my opinion, the proposed rule would help create significant and unnecessary changes to long-standing membership rules for the FHLBank system. They are also inconsistent with Congressional intent and the Federal Home Loan Bank Act (FHLBank Act). For the reasons stated above, DuTrac Community Credit Union does not support the proposed rule.

Our relationship with FHLB runs deeper than most- if not all- of our service providers. All our daily settlement services, investment safe-keeping and liquidity and cash management are done through FHLB. DuTrac Community Credit Union is a $600M+ financial institution with 12 branches serving 43,000+ members across Iowa and Illinois. This strategic partnership between our two institutions is built on trust, convenience and service excellence.

As the Chief Financial Officer of this credit union, I have serious concerns about the proposed changes particularly, what if, owing to prudent management of interest rate risk, economic and/or regulatory changes, our institution fails the test. Obviously, we, as one of the five largest credit unions in Iowa, should be free to manage our balance sheets in light of what’s best for us. Since 2008, most credit unions’ balance sheets have grown disproportionately bigger with longer term assets namely fixed rate first mortgages. The proposed regulation conflicts with concerns from NCUA and State regulators that financial institutions reduce their holdings of long-term fixed rate mortgages and sell them in the secondary market.

DuTrac Community Credit Union is particularly sensitive to the fact that credit unions are treated unequally in comparison to similarly sized banks because of a provision in the Federal Home Loan Bank Act which exempts community financial institutions (CFIs) from the 10% test. The on-going mortgage asset test requirements will artificially distort balance sheet management practices, decreasing the flexibility of community banks, credit unions and insurance companies to manage their balance sheets in response to changing market conditions.

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. We therefore strongly recommend that you withdraw the proposed rule. Thank you for taking our concerns into consideration.

Sincerely,

Subi M. Banerjee

SVP- Finance/CFO

DuTrac Community Credit Union

Dubuque, Iowa