



FEDERAL HOME LOAN BANK OF INDIANAPOLIS

Building Partnerships. Serving Communities.

October 7, 2014

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency
400 Seventh Street SW, Eighth Floor
Washington, DC 20024
email: RegComments@fhfa.gov

Office of Information and Regulatory Affairs, OMB
Attention: Desk Officer for Federal Housing Finance Agency
Room 10102, New Executive Office Building
725 17th Street NW
Washington, DC 20503
email: OIRA_Submission@omb.eop.gov

Re: Members of Federal Home Loan Banks
Notice of Proposed Rulemaking, RIN 2590-AA39

Dear Mr. Pollard and OMB Desk Officer:

All 12 members of the Federal Home Loan Bank of Indianapolis' (FHLBI) Affordable Housing Advisory Council thank you for the opportunity to comment on the Federal Housing Finance Agency's (FHFA) Notice of Proposed Rulemaking (NPR) on membership.

The FHFA's proposed changes to the existing membership rule will require FHLBank members to satisfy membership requirements not currently set forth in the Federal Home Loan Bank Act or implementing regulations. The NPR does not provide any compelling reason for imposing stricter membership regulations nor does it present any information showing that there is a problem with current membership rules.

These changes will make it more difficult for many institutions to gain access to and remain members of FHLBanks. Any regulatory measure which constricts FHLBank membership would likely reduce the amount of dollars available to fund critical housing and community development-related projects under the System's Affordable Housing Program (AHP).

The added burdens imposed by the proposed changes would also discourage potential members from joining, inhibiting the ability of FHLBanks to serve the housing and community development needs of their districts. Our small and medium sized member financial institutions, who are vital housing and community development partners to non-profits, would be hardest hit. These proposed changes would not only limit FHLBank membership but also put a chill on the nation's housing and economic recovery.

The proposal would disenfranchise our Michigan insurance captives that have over \$2 billion outstanding with FHLBI for housing and economic development. This will result in a direct hit to future AHP grant funding for years to come. Again, the proposal does much harm and offers little benefit. Membership is voluntary, and we can accomplish more mission related housing and economic development through outreach, education, and encouragement than we can through regulatory asset tests.

Ironically, the first insurance company in the nation to be awarded an AHP grant, Brotherhood Mutual, based in Fort Wayne, Indiana, would no longer qualify under the proposed 1% makes long-term home mortgage loans test. In 2009, after losing its AHP sponsor bank, the Fort Wayne Rescue Mission was rescued by Brotherhood Mutual, who stepped forward to sponsor the Mission's Charis House project for an AHP award of \$750,000.00. Thanks to Brotherhood Mutual and the AHP, the 78-bed Charis House was constructed allowing the Mission to provide shelter, counseling, and other services to women and children suffering from homelessness, mental illness, addictions, trauma, and/or physical abuse. This story is a unique testament to the power of the AHP, the strength of diverse membership, and the good that FHLBank members do in their communities. Thankfully, the proposed 1% test did not exist in 2009.

Given the affordable housing and development-related challenges faced by many communities in Indiana and Michigan, not to mention throughout our country, and because any changes to the FHLBanks' membership or mission – especially changes that could negatively impact the System's AHP – should come first from Congress, the Advisory Council of the Federal Home Loan Bank of Indianapolis respectfully requests that the NPR be withdrawn from consideration.

Thank you for your consideration.

Sincerely,

Federal Home Loan Bank of Indianapolis
Affordable Housing Advisory Council



Sherry Seiwert, Chair

Members:

Jamie Schriener-Hooper, Vice Chair
Virginia Coulter
Marc Craig
Paula Craig
Anthony Fraizer
Scott Griffith
Gary Heidel
Mark Leblang
Todd Sears
Stephanie TenBarge
Vincent Tilford