

November 5, 2014

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

Dear Mr. Pollard:

The Federal Housing Finance Agency (FHFA) has requested comments on its proposed rule regarding the membership requirements of the Federal Home Loan Banks (FHLBanks). On behalf of West Michigan Community Bank (WMCB), a \$225 million dollar community bank located in West Michigan, I am submitting a comment on the proposed rule.

WMCB is a member of the Federal Home Bank of Indianapolis (FHLBI) and utilizes programs such as loan advances, pledged collateral to help manage liquidity, selling mortgages to the Mortgage Purchase Program (MPP), providing assistance to low income borrowers with programs such as the HOP, NIP, and AMP programs. As a shareholder, we appreciate the reliable dividends they have provided.

WMCB serves its community by offering long term fixed rate home mortgage loans. The ability to do so is supported by investors such as FHLBI that allow us to sell the loans. The proposed asset test would not allow banks to count sold loans. These ongoing asset tests fail to recognize the many ways members support housing finance, including sold loans into the secondary market and community investment using the FHLBI's affordable housing and community investment programs. Asset tests are arbitrary, hinder sound balance sheet management and disadvantage community lenders that sell mortgage production. Ongoing tests are unnecessary as the FHLBI collateral policies are self-reinforcing and create incentives for supporting mortgage finance and community and economic development.

Anything that takes away from the FHLBI's ability to maintain its membership base negatively impacts profitability, income and member dividends and the availability of AHP funds. Therefore, WMCB also objects to the proposal to change the definition of insurance company, the proposed need for guidance for evaluating the financial condition of insurance companies and the proposed changes to the principal place of business. The FHLBI has demonstrated a strong credit underwriting in evaluating the unique member insurance segments and should retain the authority and responsibility to underwrite insurance company applicants to ensure it can in turn lend to institutions like ours in a safe and sound manner.

The FHLBI has been a financially strong model that has been able to provide community banks like ours a secondary market source to allow us to offer fixed rate mortgage loans to our community to support the housing needs of the entire community. Because the proposal 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 the FHLB members to preserve the FHLBanks as a reliable partner that benefits local lending institutions, communities,

housing, homeownership and the nation's economy. The membership requirements being contemplated by the FHFA would change long-standing requirements that have worked well. WMCB strongly recommends you rescind the proposed rule.

Thank your for taking our comments into consideration.

Sincerely,

A handwritten signature in black ink that reads "Vicki DenBoer". The signature is written in a cursive style with a large, stylized "V" and "B".

Vicki K. DenBoer
SVP-Retail Loan Manager
West Michigan Community Bank