



**Independent Bankers of Colorado**  
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December 2, 2014

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 FHLBs  
(RIN 2590-AA39)

Dear Mr. Pollard:

On behalf of over 500 community bank locations in Colorado, the Independent Bankers of Colorado express our great concerns with the Federal Housing Finance Agency's (FHFA's) proposed rule impacting membership in the Federal Home Loan Banks (FHLBanks). The suggested changes would prove most burdensome to the small and medium sized community bank members of FHLBank Topeka at a time when they are already subject to a crushing burden of regulatory requirements. Therefore, we respectfully ask you to withdraw the proposed rule.

The proposed rule includes significant, unnecessary and highly damaging changes to long-standing membership rules for the FHLBank system. FHFA's proposed changes are inconsistent with the Federal Home Loan Bank Act, as well as the intent of Congress. The proposal would cause damage to more than just financial institutions – it would also harm the individuals, businesses and communities Colorado's community banks serve.

As many as 107 of FHLBank Topeka's existing members would have failed the strictest interpretation of FHFA's proposal at some point in the recent past. A smaller FHLBank is bad for communities, and it would unnecessarily harm institutions that remain members of the FHLBank system.

The regulatory changes under consideration would make it more difficult for many financial institutions in Colorado to obtain or maintain access to FHLBank liquidity. Stricter requirements will call into question the ability of members to borrow under all future economic scenarios. The proposed changes would also discourage potential members from joining, which would inhibit the ability of the FHLBanks to serve the housing and community development needs of their district.

Policymakers should be looking for ways to increase economic activity by encouraging financial institutions to bolster responsible lending to home buyers, commercial real estate developers, small businesses, agriculture producers and other job creators. This was the intent of Congress when it expanded the types of collateral the FHLBanks could accept from their members. FHFA's deeply flawed proposed rule would inhibit these activities and would strike a blow to the recovering state and U.S. economies.

The proposed rule does not identify any safety and soundness reason for imposing new membership restrictions, and it does not present any information showing a problem with the current membership rules. The proposed rule also fails to cite a compelling benefit it hopes to achieve. And as stated above, the proposed rule includes changes inconsistent with the Federal Home Loan Bank Act and clear Congressional intent. For these reasons, we request that FHFA immediately withdraw this unnecessary and highly problematic proposed rule.

Thank you for the opportunity to comment.

Sincerely,

Barbara M A Walker, Executive Director