



December 7, 2014

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

RE: Notice of Proposed Rulemaking and Request for comments-Members of the FHLBanks (RIN 2590-AA39)

Dear Mr. Pollard;

I am a member of the Federal Home Loan Bank of Des Moines (FHLB Des Moines) Advisory Council. I also am the CEO for Beyond Shelter, Inc. (BSI), a nonprofit affordable housing developer based in Fargo, ND and serving the states of North Dakota, South Dakota, and Minnesota. To-date, BSI has developed 845-units of affordable housing valued at \$120M+.

I appreciate the opportunity to comment on the proposed rule "Members of the Federal Home Loan Banks" (NPR).

Why These Issues are Important to Me

The FHLB Des Moines mission is to finance housing and community lending. I am not seeing the compelling rationale for creating on-going membership requirements with additional emphasis on housing. The systems works very well as demonstrated in the Great Recession. The FHLB Des Moines participates in the secondary market and lends advances on every term from 1 day to 20 years. They take a full menu of expanded collateral types to accommodate many kinds of community lending.

FHLB Des Moines members provide loans and services to the community, not just to one element of the community. I am a housing advocate, however I also realize that housing is part of an economic infrastructure that must be balanced for any community to succeed. I know the importance of banks, credit unions, and community development financial institutions (CDFI) to my community.

Smaller lending institutions have a direct path to the secondary market through FHLB Des Moines purchase programs. It is important that even the smallest lenders have access to the secondary market. The mortgage markets now more than ever are dependent on local institutions being able to sell the loans they originate. It does not seem to me that trying to manage holding loans to meet a specific test would be as productive as being able to create more housing loans through an active

secondary market. Some CDFIs, banks and credit unions are not primarily mortgage lenders, especially the smaller banks and credit unions, which could put them at risk of either not becoming a FHLB Des Moines member or being severely penalized with the loss of membership.

Community Impact

These new tests of membership introduce an uncertainty that has not previously existed in the FHLB system. A member may become ineligible at the exact time that they need the liquidity to provide loans to the communities BSI serves or to meet a financial crisis.

Smaller members do not have access to the global markets and would certainly, in a crisis, have the least access to sources of liquidity. In fact the loss of membership would also eliminate their ability to sell mortgage loans to the FHLB Des Moines.

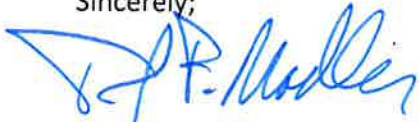
The reality is that the impact is not in financing more housing but in creating uncertainty of liquidity, potentially eliminating members that sell mortgages rather than hold them, reducing the potential income of the FHLBanks which in turn could reduce the contribution to affordable housing by millions of dollars; it could cause some to not seek membership or be eliminated from membership all of which would have an impact my community.

The proposed regulation would harm housing production and homeownership.

The FHLB Des Moines has shared the comment letter of East Dubuque Savings Bank which clearly states the case of a lender in a market place that may not always be in the housing market but does make small business and consumer loans. Small business lending just by itself is critical to community prosperity. Why would you want to eliminate such a community lender just due to not having enough housing loans? Communities depend on a broad set of financing options. Under the proposal, small banks under \$1.01 billion in assets (CFI) would, for the first time, be subject to a quantifiable and on-going requirement for membership under the "makes" long-term home mortgage loans test. The proposal would require every CFI member to hold on its balance sheet a specified amount (1%, and possibly up to 5%) of these mortgage assets as a condition for continued membership, in spite of the fact that Congress has authorized and encouraged the FHLBanks to make advances to CFIs to support funding for expanded activities in other asset categories involving small businesses, small farms, small agribusinesses, and community development activities.

I respectfully request that you withdraw this proposed regulation and begin a dialog with the FHLBs on these issues.

Sincerely;



Daniel P. Madler
CEO