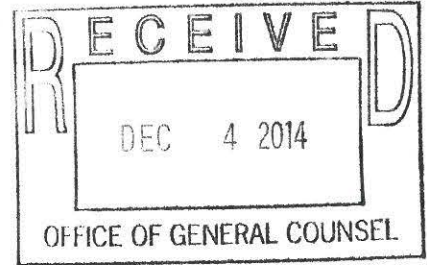


# SECOG

SOUTH EASTERN COUNCIL OF GOVERNMENTS  
SOUTH DAKOTA



November 25, 2014

Alfred M. Pollard, General Counsel  
Federal Housing Finance Agency  
400 Seventh Street SW, Eighth Floor  
Washington, D.C. 20024

Re: Notice of Proposed Rulemaking and Request for Comments-Members of FHLBs (RIN 2590-AA39)

Dear Mr. Pollard:

As Executive Director of SECOG; a planning district, Certified Development Financial Institution and SBA 504 Certified Development Company in southeastern South Dakota, I want to express my concern regarding the proposed rule change in Federal Home Loan Bank (FHLB) member requirements causing banks to hold home mortgage loans on an on-going basis.

FHFA's proposed rules may fundamentally change FHLB's mission as a reliable liquidity provider to member banks and make access to FHLB liquidity less certain, especially in times of financial stress. Under current rules, FHLB was a critical source of liquidity for member banks during the financial crisis.

The on-going test requirements would reduce the number of financial institutions able to remain as members in the FHLB system. Lenders may need to artificially distort their balance sheets and thereby decrease flexibility of FHLB's member banks to manage their own finances. I also believe the proposed rule change is inconsistent with Congress' preference toward an expansive view of FHLB's reach and mission.

The rule change is not in response to an existing problem, but rather addresses a "possibility". It appears that the unintended consequences of this rule change would actually reduce credit for housing and economic growth. I respectfully request that the FHFA withdraw the new membership rules contained in the September 12, 2014, Notice of Proposed Rulemaking and continue to work with FHLB members to preserve and strengthen FHLB's role as a consistent and reliable liquidity provider. Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lynne Keller Forbes".

Lynne Keller Forbes  
Executive Director