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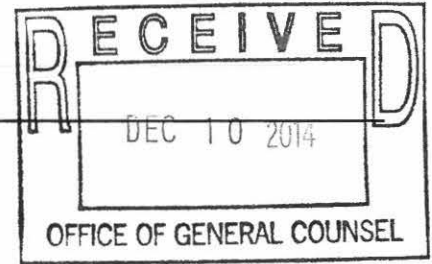
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Joseph Harcum
Wayne County BA

Secretary
Jim Brown
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Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
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 Federal Home Loan Banks (RIN 2590-AA39)

Mr. Pollard:

On behalf of the Pennsylvania Builders Association I am writing to express the Association’s concern that the proposed rulemaking noted above will hurt home builders and their customers just as we emerge from a major housing recession. Small banks are the community lenders to home builders and make many of the acquisition, development and construction loans so critical to our industry. In order to make these loans, these banks must be assured of access to funding, whether through deposits or loans from the FHLBank.

The National Association of Home Builders includes this issue among its key priorities.

Commercial banks and savings and loan institutions have traditionally provided the lion's share of housing production credit for the residential construction industry, which is known as acquisition, development and construction (AD&C) funding. But even as housing markets heat up across the country, financial and regulatory constraints are preventing these lenders from providing the amount of credit that would be typical given current economic conditions. This lack of credit is harming the housing recovery and preventing construction of new homes in markets that need and want them. A full-fledged housing and economic recovery will not take hold until we resolve this ongoing credit crunch. Restoring the flow of credit to home builders will not only help to put America back to work, it will provide badly needed tax revenues that local governments need to fund schools, police and firefighters; and strengthen the economic health of countless communities across the land.

Home construction, remodeling and rehabilitation are vital contributors to thriving local economies. The proposed regulation will create uncertainty for small banks about their continuing ability to rely on funding from their FHLBank. FHLBank funding supports their ADC loans and mortgage loans. If small banks are not able to count on



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in delivering quality living environments.*



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the availability of FHLBank funding to support their ADC and other loans in all business cycles, small banks will have little choice but to reduce their lending to homebuilders. This, in turn will make it harder for our communities to have access to sufficient credit to grow. Without the necessary credit available, home construction is unlikely to emerge from its fragile rebound. Reduced development and construction translates directly into fewer jobs and reduced tax collections in our local communities. Fundamentally changing a FHLBank system that already works for small banks has the potential to harm home building in irreparable ways.

On behalf of the Pennsylvania Builders Association, I strongly urge FHFA to withdraw RIN 2590-AA39. Please reconsider the negative effect this type of proposal could have on the housing industry and particularly on those communities served by existing and prospective FHLBank members.

Sincerely,

Kevin Coutts
2014 President
Pennsylvania Builders Association



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