



# HERMAN & KITTLE PROPERTIES, INC.

Real Estate Development • General Contracting • Property Management

December 12, 2014

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

Dear Mr. Pollard:

This comment is provided pursuant to 79 FR 54848 regarding the proposed change to 12 CFR Part 1263 for "Members of Federal Home Loan Banks." As a real estate developer that creates affordable housing and community development opportunities, we work with member institutions to deploy Affordable Housing Program (AHP) funds obtained through the Federal Home Loan Bank system. These funds are critical to the success of our communities.

Consequently, we offer the following comments regarding the proposed rule changes. We oppose changes that restrict potential membership in the Federal Home Loan Bank system. This includes items such as more restrictive asset tests, recurring tests, and the prohibition of entities that are legally eligible to be members (e.g., captive insurance companies). Not only will captive insurers lose their eligibility, eliminating a class of members for no other reason than their form of incorporation sets a precedent that may be used in the future to further restrict access to the Federal Home Loan Banks.

Broad and diverse membership is directly important to us so that we have as many members to work with as possible. And, broad and diverse membership is indirectly important to us because the profitability of the Federal Home Loan Bank system supports the AHP funding we deploy. The FHFA's proposals will limit membership to a more restrictive set of institutions, potentially creating an inherently weaker system.

Thank you for the opportunity to offer comment.

Sincerely,

Jeffrey L. Kittle  
President & CEO  
Herman & Kittle Properties, Inc.