

December 11, 2014

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency - Fourth Floor
1700 G Street, NW
Washington, D.C. 20552

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

Dear Mr. Pollard:

I am writing as a Director of the Federal Home Loan Bank of Indianapolis (FHLBI), and as the Chief Operating Officer for Great Lakes Capital Fund (GLCF), a not-for-profit lender to and investor in affordable housing. I appreciate the opportunity to submit comments regarding the Notice of Proposed Rulemaking (NPR) on Federal Home Loan Bank (FHLB) membership.

Congress has given the FHLB System a mission that includes housing as well as community and economic development. Clearly, there are a variety of ways in which members can partner with the FHLB System and support the mission. It is my concern that the NPR incorrectly elevates a single dimension of mission participation, that is residential mortgage holdings, above all else.

In doing so, the NPR would have a disparate impact on insurance companies, and based on FHFA's own analysis, could eliminate up to 46% of current insurance company members from the System. In so doing, the NPR would eliminate members in good standing and dramatically diminish the FHLB's ability to fulfill its statutory mission.

Insurance companies play a key role in the execution of FHLBI's public policy mission. In addition to their significant investments in mortgage assets, insurance companies have been the largest user group of the Community Investment Program (CIP) to support community and economic development. Two recent insurance company-sponsored CIP projects in Lansing are slated to bring 1,500 new jobs to the area over the next few years. Since job growth is a key driver of housing starts and mortgage lending, these projects are closely aligned with the FHLBI's housing mission as well as its community and economic development mission. Unfortunately, the NPR fails to capture this undeniable linkage.

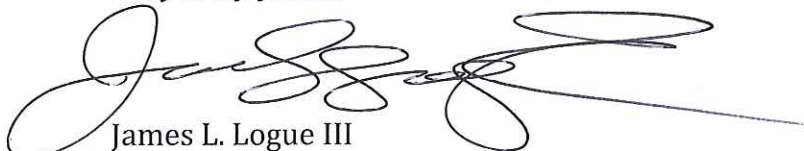
Insurance companies have also had a positive impact on the FHLBI's Affordable Housing Program (AHP). While FHLBI insurers have sponsored AHP projects with groups such as Habitat for Humanity, the Fort Wayne Rescue Mission, and Vista Maria, they have made their greatest impact through their usage of advances. While insurers represent less than 13% of FHLBI members, they are responsible for over 60% of the outstanding advance portfolio. As such, their memberships are responsible for a disproportionate amount of the FHLBI's funding for the affordable housing program. While ignored by the NPR, the simple act of using advances clearly supports the FHLB's mission by providing funds for AHP.

From an affordable housing mission perspective, it is apparent that the NPR fails to recognize that insurance companies, as an investor segment, have become significant investors in one of the most critical national affordable housing programs, the Low Income Housing Tax Credit (LIHTC). Part of the 1986 Tax Reform Act, the LIHTC is widely recognized as one of the most successful federal affordable housing programs ever enacted. The LIHTC allows corporate investors, including insurance companies, to fund rental properties that are affordable to low and moderate income families and seniors. Life, property and casualty, and health insurance companies have invested in rental developments throughout the country supported by the LIHTC. Over the past three years, insurance companies provided approximately 30% of the investor capital for LIHTC funds that GLCF structured.

I believe that membership rules should be reflective of the totality of the FHLB's mission. Since Congress has retained the authority to determine the scope and nature of FHLB member eligibility and has given the FHLB System a mission to support housing as well as community and economic development, membership rules must be flexible to recognize a variety of methods of participation. Since the NPR is inflexible and incorrectly elevates mortgage holdings tests above all else, I request that the proposed rule be withdrawn. Thank you for the opportunity to submit a comment.

Sincerely,

Very truly yours,



James L. Logue III
Chief Operating Officer
Great Lakes Capital Fund