

December 9, 2014

Mr. 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 of Members of the F.H.L. Banks (RIN 2590-AA39)

Dear Mr. Pollard,

I wanted to write to you in relation to proposed rule changes that may significantly affect the ability of housing non-profits for the poor obtain funds needed for capital improvements to our facilities. These literally impact the lives of thousands of men, women and children in our facilities alone each year. The Union Gospel Mission Twin Cities has been the beneficiary of a FHLB grant/mortgage that has allowed us to keep open a shelter for homeless women and children because of much-needed capital improvements to our Naomi Family Residence infrastructure. As someone who has submitted grants for over 20 years to agencies, individuals, family and community foundations, I can tell you that this type (and amount) of funding and support is usually very difficult to obtain. Although we're committed to sheltering homeless people long term, perhaps the greatest value of the loan (successful since the 1920s) is to *hold recipients accountable to house the homeless or reserve housing built for homeless people* for the duration of the loan. The FHLB is helping our community stay committed to the needs of homeless and at-risk families, who need help getting back on track. Having secure housing has proven again and again to be critical to getting people back in the workplace, helping children adjust to monumental changes following homelessness and success in school and even health. The FHLB Des Moines program has been such a program-changer for us that we were hoping to apply for another FHLB Des Moines mortgage as part of a capital campaign to build additional transitional housing facility for homeless men as well – an unbelievable need here in the Greater Twin Cities area.

In our view, however, the pool of money gathered by the Federal Home Loan Banks to be able to make the loans we benefit from is dependent on the number and types of members that contribute toward this vital conduit of funding. The FHLB Des Moines, where we obtained our funding, exists to finance housing and community lending for projects that directly impact homeless people. These are people who otherwise would be on the streets and creating deeper tax burdens, rather than being re-integrated into society as tax-paying citizens. The value of our FHLB loan isn't in the money solely; it's being translated daily into changed lives – lives that have purpose and hope.

In our area, the community (as in most communities) tries to accommodate the needs of our citizens through a variety of funding streams. We want a stable but also more diverse economic base. Non-profits cannot just rely on a foundation grant, or a wealthy donor, or a city or even federal grant to meet every need. And for non-profits, we understand the value that banks, credit unions and other financial institutions play.

[www.ugmtc.org](http://www.ugmtc.org)

77 9th Street East, Saint Paul, MN 55101

(651) 228-1800 Fax (651) 222-7968

Union Gospel Mission is a Christian ministry dedicated to serving the homeless, poor, and addicted in our community.  
By meeting physical, spiritual, emotional, and educational needs, our Mission is changing lives!



The FHLB Des Moines has played a critical role in helping to meet our own capital improvement needs. We realize that smaller lending institutions currently have direct access to FHLB Des Moines purchase programs – mortgages that can be sold on the mortgage market by these local lenders. We would appeal to you to help maintain this dynamic, active secondary market for housing loans, through your advocacy. I've been told that some banks and credit unions and CDFs are not primarily mortgage lenders, especially the smaller banks and credit unions. This could put them at risk of either not becoming a FHLB Des Moines member or being severely penalized with the loss of membership through proposed changes to membership in the FHLB system. Smaller members cannot access global markets. In a crisis, they will have the least access to sources of financial liquidity. If smaller members lose their membership, it will also lead to their inability to sell mortgage loans to the FHLB Des Moines. And, my understanding is that a member may become ineligible at the exact time that they need the liquidity to provide loans to my community in meeting a financial crisis.

Our organization is concerned about the liquidity factor and its income potential for the FHL banks. If you eliminate those members who could sell mortgages, rather than hold them, it would reduce the potential income of the FHLBanks, which would then lead directly to the loss of literally millions of dollars less that could be invested into affordable housing production and residency.

The current FHLB system works so well. It benefits so many housing production and homeownership projects. We're curious about this initiative, and would appeal to you to help community lenders still participate, without having a benchmark tied to having enough housing loans. Not every institution is always in the housing market, but they may make small business and consumer loans (leading to a more robust and healthy financial community). Small business lending just by itself has been critical to our community prosperity. Without the inclusion of those smaller lenders, the amount of money that could be collected (and then distributed through the FHLB system) would be diminished.

According to what I've heard, the proposal under consideration would require that 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. As you already know, 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. This is 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.

Mr. Pollard, would you work with the FHLBs on this issue to **maintain and increase**, not diminish, the potential funding available to those of us on the front lines, who build and maintain housing options for those American citizens who need them most.

Thank you for your consideration of this request. It's deeply appreciated.

Sincerely,

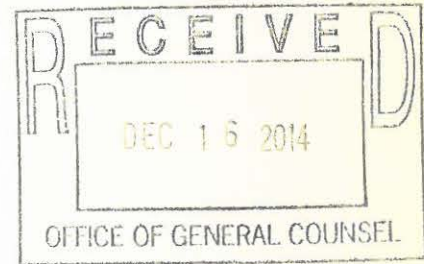


Barbara J. Martenson  
Development Advisor & Grants



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