



December 23, 2014

VIA E-MAIL TO [REGCOMMENTS@FHFA.GOV](mailto:REGCOMMENTS@FHFA.GOV)

Alfred M. Pollard, Esq.  
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; Request for Comments – Members of the Federal Home Loan Banks**

Dear Mr. Pollard:

We are submitting this comment letter to express our concerns about the Federal Housing Finance Agency's ("FHFA") notice of proposed rulemaking on "Members of the Federal Home Loan Banks" published on September 12, 2014. For the reasons described below, we respectfully request the withdrawal of the proposed rule.

Joseph Corporation is a community-based nonprofit organization established in 1991 to address affordable housing needs in the Aurora area. Our mission is to empower individuals, stabilize families, and revitalize neighborhoods through a variety of economic and social initiatives. Joseph Corporation increases homeownership opportunities by offering education and counseling for first-time homebuyers. We achieve our goal of providing quality, affordable housing through rehabilitation of distressed properties and by developing rental housing. Joseph Corporation employs a professional, bilingual staff and is governed by a volunteer Board of Directors. For more information visit our website [www.josephcorporation.org](http://www.josephcorporation.org).

The purpose of the Federal Home Loan Banks is to be a strong and reliable source of funds for local lenders to finance housing, jobs, and economic growth. As an affordable housing and community development partner that works closely with the Federal Home Loan Bank of Chicago (FHLBC) and its members, we observe firsthand the role that the Federal Home Loan Bank (FHLBank) system plays in providing funding and support for community lending and affordable housing initiatives for its member financial institutions and their partners. We believe the overall impact of the proposed rule would contract this mission, which is inconsistent with Congress's preference toward an expansive view of the FHLBanks' reach and mission, as well as the growing need for comprehensive solutions that create and sustain socially and economically vibrant communities.

The FHLBank community investment and affordable housing programs further the FHLBank System mission by providing FHLBank members with opportunities to effectively invest in and grow the communities they serve. Community financial institutions, credit unions, insurance companies, and community development financial institutions (CDFIs) are critical partners in providing financial services to affordable housing owners, operators and developers, homebuyers, small businesses,

community facilities, manufacturers, and agricultural customers. Access to FHLBank products and programs allows FHLBank members to offer an array of loan products to their customers that they might not otherwise be able to offer.

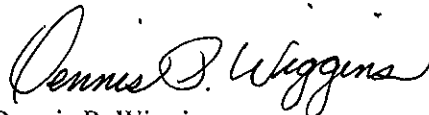
As you know, 10% of each FHLBank's prior year's earnings are used to fund its Affordable Housing Programs, including down payment assistance and other housing programs. As FHLBank usage contracts and profits decline, fewer dollars will be available to support its grant and voluntary programs. The FHLBank Affordable Housing Program is the largest private grant resource for affordable housing in the country. Since 1989, the FHLBC has invested over \$462 million of grant funds for the acquisition, rehabilitation, or new construction of over 95,000 affordable rental and owner-occupied housing units in communities served by its members. Furthermore, the FHLBC actively engages with its members and community development partners to seek ways, beyond its traditional grant and lending programs, to support its members and their communities. This has resulted in two new programs: the Community First<sup>®</sup> Fund, a revolving loan fund that provides longer-term, unsecured loans to non-depository CDFIs, state housing finance agencies, and community loan funds, and the Community First<sup>®</sup> Disaster Relief Program, which provides grants and discounted loans to support relief efforts in federally declared disaster areas. A reduction in the FHLBC's earnings will limit its ability to be responsive and establish beneficial programs such as these.

Further, through its Community Investment Cash Advance (CICA) program, the FHLBC has provided over \$8 billion of discounted advances and letters of credit to support affordable housing and community economic development lending in Illinois and Wisconsin alone. The proposed rule would reduce the availability and utilization of financial products and services that support community investment and affordable housing.

In conclusion, we view the FHLBC as a critical partner to our organization and the people we serve. Its reliability as a liquidity source and its support of community development and affordable housing must be preserved. A contraction of the FHLBank mission constrains the FHLBanks from responding holistically to the needs of its members and their communities. The proposed rule will undermine the reliability of the FHLBanks. It will discourage and, in some cases, terminate membership of some current members. In addition, it will limit the financial products and services available to their customers and shrink the FHLBanks's affordable housing and community development activities. Despite these real and damaging effects, there appear to be no specific benefits that would be achieved by the proposed rule. For these reasons, we strongly urge the immediate withdrawal of this proposal.

We appreciate the consideration of our views.

Sincerely,



Dennis P. Wiggins  
Executive Director  
Joseph Corporation