



also known as:

**Northeast South Dakota Community Action Program
Northeast South Dakota Economic Corporation**

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December 29, 2014

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-Members of the FHLBanks (RIN 2590-AA39)

Dear Mr. Pollard;

As a former FHLB Des Moines Advisory Board Chair and the Chief Executive Officer of GROW South Dakota, I value the opportunity to comment on the proposed rule "Members of the Federal Home Loan Banks" (NPR).

GROW South Dakota is a statewide nonprofit provider of low-income housing programs and small business lending. As a Community Development Financial Institution, we often collaborate with our rural community banks for partnership lending and other program support. Since 1996, GROW South Dakota has provided five-year forgivable loans for home improvements to approximately 75 low-income clients annually through the FHLB Des Moines Affordable Housing Program. Because of this program many families have had the opportunity to upgrade their homes to proper standards and our elderly residents have had the luxury of aging at home for a few more years.

The FHLB Des Moines purpose is to finance both housing and community lending. Without our local FHLB lending partners, we would not be able to offer the successful Affordable Housing Program or continue our partnership lending that supports housing and business growth in our rural communities. The FHLB system works very well in rural South Dakota as demonstrated by our successful partnerships for nearly 20 years.

Rural communities and their partnering lenders depend on FHLB. Under the proposal, small banks under \$1 billion in assets (Community Financial Institutions) 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. The proposal would require every 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, 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.

I respectfully request that you withdraw this proposed regulation and begin a dialog with the FHLBs on these issues so that rural communities can maintain a broad set of financing options to meet our unique needs.

Sincerely,

Marcia Erickson
Chief Executive Officer



GROW SOUTH DAKOTA is an Equal Opportunity Lender, Provider, and Employer

Complaints of discrimination should be sent to: USDA, Director, Office of Adjudication, 1400 Independence Ave SW, Washington DC 20250-9410