

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,

I am a member of the Federal Home Loan Bank of Des Moines Advisory Council. I am also a member of the Land Clearance for Redevelopment Authority Commission of the City of Kansas City, Missouri. I am retired after a life-long career in community development work in Kansas City's low income neighborhoods, my last post being CEO for the Greater Kansas City Local Initiatives Support Corporation from 1990 to 2004.

I thank you for the opportunity to comment on the proposed rule.

Allow me to make some points and observations:

- It seems to me the Great Recession argues the FHLB system is the only part of the financial system which does not need to be fixed. While Wall Street and the "too big to fail" national banks were drowning under a tsunami of toxic assets, the FHLB system not only continued to operate without serious problems but increased its advances dramatically, providing desperately needed liquidity to its members. It did so without any need for government direction or assistance. Moreover, the system has never had an advance default. Its performance argues for enlarging the reach of the system while the proposed rule would have the exact opposite effect. In short, the rule does not make sense.
- The proposed rule appears to want to increase housing lending but the analysis of the FHLBanks leads them to conclude it would have the opposite effect. This is especially true for smaller banks which rely on the system as a secondary market for their mortgage and small

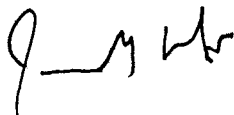
business lending. The 12 FHLBanks constitute a decentralized system of finance servicing over 7,500 financial institutions; i.e., an antidote to “too big to fail.” This is clearly articulated in the letter forwarded to you by the East Dubuque Savings Bank. Again, the proposed rule does not appear to make sense.

- Congress has seen fit, over the years, to expand rather than limit opportunities to join the FHLBank system, originally offered to insurance companies and thrifts, it now includes commercial banks, credit unions, and CDFIs. The proposed rule would significantly reduce the opportunity for many potential new members to join and would cause many current members to be expelled, both contrary to Congressional intent and the best interests of communities large and small across the country.
- I cannot speak for other banks but the FHLBank of Des Moines has a strong commitment to community development financing, both through loans to member institutions supporting housing and small business development in low income communities and on the Indian reservations as well as state housing finance authorities but also by virtue of its own Competitive Affordable Housing Program, Native American Homeownership Initiative and Homeownership Fund. At a time when federal investment in low income communities has been cut drastically, shrinking the membership of the system would inevitably lead to contraction of these important investments.

In sum, the proposed rule does not state it is addressing a problem but, rather, curtailing an unspecified future possibility of a problem. It is clear, at least to me, on the other hand, implementing it would create many problems and cause great harm to the most stable national financing system serving our country. I urge you to retract it.

Thank you for your consideration.

Sincerely,



James M. White

Member, Advisory Council, FHLBank of Des Moines