



**Helping Build Strong Habitat
for Humanity Affiliates**

January 7, 2015

- Aitkin County
- Central Minnesota
- Crookston Area
- Crow River
- Detroit Lakes Area
- Douglas County
- East Central Minnesota
- Fergus Falls Area
- Freeborn/Mower Counties
- Goodhue County
- Itasca County
- La Crosse Area
- Lake Agassiz
- Lakes Area
- Leaf River Area
- Martin and Faribault Counties
- Minnesota Valley/Brown County
- Morrison County
- North St. Louis County
- Northwoods
- Prairie Lakes
- Red River Valley
- Redwood River
- Rice County
- Rochester Area
- South Central Minnesota
- Southwestern Minnesota
- Steele Waseca Area
- Twin Cities
- West Central Minnesota
- Western Lake Superior
- Winona-Fillmore Counties

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency
400 Seventh St SW, Eighth Floor
Washington, D.C. 20024

RE: Notice of Proposed Rulemaking and Request for Comments –
Members of FHLBs (RIN 2590-AA39)

Dear Mr. Pollard,

As Executive Director of Habitat for Humanity of Minnesota for the past nearly 18 years, I have experienced firsthand the impact the FHLB AHP Program can have on a community and a state. We have now received over \$6.3 million in AHP grant awards that have provided support to build nearly 900 Habitat homes in communities large and small across the state of Minnesota. These resources have been key to our success in building homes for hardworking families making between 30 and 50% of median income.

As a member of the Federal Home Loan Bank of Des Moines Affordable Housing Advisory Council for the past 4 years, I have experienced firsthand the high level of professionalism that the employees and Board of this organization utilize as they manage their membership, their advances and their operations. I have the highest confidence in their ability to carry out the mission of their organization.

The proposal to tighten membership requirements for Federal Home Loan Banks would severely hurt Habitat for Humanity and other organizations working to build affordable housing all across United States.

The work of the Federal Home Loan Banks and their local member financial institutions is key to the creation of affordable housing for hardworking families. The Federal Housing Finance Agency's proposed new rule would hinder their efforts.

The FHLBank of Des Moines and its member banks have helped improve the economic outlook for the state of Minnesota. They have provided a steady, reliable supply of liquidity for housing, jobs and community development. They've worked with us side-by-side, for the long haul, to invest in our people and our communities.

The FHFA proposal sets arbitrary asset thresholds for FHLBank membership that would push out important FHLBank members. Under

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the proposal, many financial institutions would be required to keep at least 10% of their assets in mortgages in order to qualify for membership. Those with less than \$1 billion in assets would need to maintain at least 1% of their assets in mortgages.

By owning and belonging to FHLBanks, these lenders have created a strong network of cooperatives across the U.S. that provide access to credit and capital to cities, towns and counties in every state and territory. Excluding these members would have a direct impact on Minnesota because excluded institutions will lose access to the financial lifeblood that is pumped in here in the form of FHLBank liquidity. The resulting FHLBank system will be weakened by their absence. Members will lose access to one of the world's best mechanisms of funding for local financial institutions.

The negative impact of the proposed FHFA rule would go beyond weakening the FHLBanks and beyond denying local lenders access to them. The rule would significantly reduce the investments in communities that result from FHLBanks' strong earnings. Ten cents out of every dollar of FHLBank earnings goes to direct investment through the Affordable Housing Program. The AHP is the nation's largest single source of private capital flowing into affordable housing and community development, according to the Council of FHLBanks. Habitat for Humanity affiliates across the country have received over \$200 million in AHP funding in support of over 23,000 homes.

Minnesota needs the kind of access to capital and credit that only the FHLBanks and their member institutions provide. We need strong local lenders in our local economies. And we need more, not fewer, opportunities to create high-quality affordable housing and neighborhood improvement.

That's why the FHFA's proposed changes to the FHLBanks' membership rule are unfair to FHLBanks, their members and the communities they serve.

The FHLBanks did an excellent job of weathering the storm of the recent recession -- in fact, they thrived. Isn't this the kind of operations we need to see continue?

Please feel free to contact me if you would like any further background on this matter.

Very Best Regards,


Jan Plimpton
Executive Director