



January 8, 2015

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

A self-supporting
public agency

Re: Notice of Rulemaking and Request for Comments – Members of Federal Home Loan Banks (RIN 2590-AA39)

A. Robert Kucab
Executive Director

Dear Mr. Pollard:

PO Box 28066
Raleigh, NC
27611-8066

3508 Bush Street
Raleigh, NC
27609-7509

We appreciate the opportunity to comment on the Federal Housing Finance Agency's proposed rule RIN 2590-AA39 Members of the Federal Home Loan Banks. The North Carolina Housing Finance Agency (the Agency) was created in 1973 as an instrumentality of the state of North Carolina with a mission to create affordable housing opportunities for North Carolinians whose needs are not met by the market. North Carolina has been negatively impacted by high unemployment and an exodus of manufacturing jobs in the past several years. Since the recession, the Agency has focused its efforts on helping financially struggling homeowners to remain in their homes while continuing to serve moderate and low-income homebuyers in the same market. Both existing homeowners as well as new homeowners have been impacted by tightening credit and a general lack of liquidity. Federal Home Loan Bank (FHLB) has historically played an integral part in boosting liquidity in an ailing market.

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As we have seen, the tightened credit standards enacted in response to bad lending practices of certain lenders have caused unintended consequences, driving many credit-worthy borrowers out of the market. These standards have had a particularly negative impact on the moderate and low-income borrowers that our Agency seeks to serve. The elimination of these credit-worthy borrowers from the market has ripple effects on the rest of the economy, dampening any improvement that the tightened standards sought to achieve.

Likewise, we feel that the proposed FHLB rule will have similar unintended consequences. It will keep many financial institutions from FHLB membership and FHLB liquidity, further constricting the liquidity that FHLB provides in the state of North Carolina. The proposed rule will restrict the ability of members to borrow and place undue burden on smaller and medium-sized members. We also feel that this proposed rule would lead to reduced funding for affordable housing initiatives, having a negative impact on the population we serve, a population that has already been hit hardest by the recession. For example, from 1990 to 2012, FHLB has produced 174 low-income housing tax credit (LIHTC) projects in North Carolina for a total of 8,236 units awarded in Affordable Housing Program (AHP) funds, producing more than 8,100 jobs, tax revenue of \$145 million and local development of \$804 million. We believe that the impact of further restrictions being placed on FHLB would hinder the vital work that FHLB has provided in North Carolina.

We respectfully request that the proposed rule be withdrawn, and we thank you in advance for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth I. Rozakis".

Elizabeth I. Rozakis
Chief Financial Officer