



January 9, 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

Re: Notice of Proposed Rulemaking; Request for Comments – Members of the Federal Home Loan Banks

Dear Mr. Pollard

As a long time member at the FHLB Chicago, I would respectfully request the withdrawal of the stated proposal for the following reasons,

1. Current Regulations are Working

As a long time member, it appears that the current system is working well for our institution as we have been able to access the advance program when necessary and participate in the mortgage partnership program which helps us to mitigate interest rate risk. I am not sure it has been sufficiently articulated why the existing FHLB system needs to be changed.

2. Reliability of the FHLBC as emergency source of liquidity

The number of banks, saving banks, savings and loans has been declining for years resulting in reduced membership in the FHLB system already. If you further restrict membership it is likely to impact the ability of members to access sufficient liquidity, particularly in times of crisis.

3. Unintended Consequence

As we have seen with the 2008 housing crisis, collateral values declined dramatically. It is foreseeable that members meeting eligibility requirements today, could fall out of compliance when collateral values further decline, potentially changing the ratio of housing related assets to total assets.

The reliability of the FHLBs as a source of liquidity should not be undermined by adding new tests to membership.

4. Remaining true to the FHLB Act of 1932

The FHLB Act stated that “any building and loan association, savings and loan association, cooperative bank, homestead association, insurance company, or savings bank shall be eligible to become a member of...a Federal Home Loan Bank...”

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The membership requirement was simple. An institution could be a member if it (1) is duly organized under the laws of any State or of the United States (2) is subject to inspection and regulation under the banking laws or similar laws, of the State or of the United States: and (3) makes such home mortgage loans as, in the judgment of the board, are long term loans...

These requirements are sufficient. Trying to restrict the types of insurance companies or other entities that can obtain membership based on some additional requirements is counter-productive to increased membership.

Central Federal Savings and Loan Association has been a community based institution in Cicero Illinois area since 1892 and we value our membership in the FHLB of Chicago. We are only 168 million in assets and would not be affected by the ability to remain a member at this time. However, we are concerned that the advantage of being a member may be affected by the further reduction of total membership in the system.

Thank you for reading this letter and consideration at the withdrawal of the proposal.

Sincerely,

A handwritten signature in cursive script that reads "Gary R Nation".

Gary R Nation
President