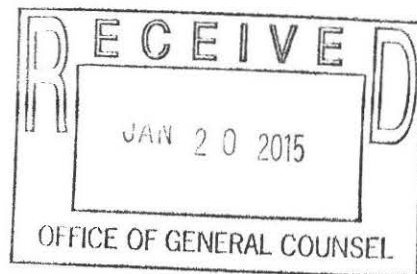




Alfred M. Pollard, General Counsel  
Attention: Comments/RIN 2590-AA39  
Federal Housing Finance Agency  
400 Seventh Street SW  
Washington, DC 20024



January 12, 2015

RE: Notice of Proposed Rulemaking and Request for comments-Members of the FHLBanks (RIN 2590-AA39)

Dear Mr. Pollard,

Our nonprofit and public agencies provide housing-related services and funding to rural Minnesota communities.

We appreciate the opportunity to comment on the proposed rule "Members of the Federal Home Loan Banks" (NPR).

Our comment:

Our agencies oppose a rule change that requires members of the FHLB to have a minimum percentage of housing loans on their books.

Don't preclude a community lender from FHLB membership just due to not having enough housing loans. Communities depend on a broad set of financing options. Under the proposal, small banks under \$1.01 billion in assets (identified as CFIs) 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 CFI 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 FHLB membership.

FHLB Des Moines members provide loans and services to the community not just to one element of the community. Although our agencies provide housing services we also realize that housing is part of an economic infrastructure that must be balanced for any community to succeed. We know the importance of banks, credit unions, and community development financial institutions (CDFIs) to the communities we serve.

Smaller lending institutions have a direct path to the secondary market through FHLB Des Moines purchase programs. It is important that even the smallest lenders have access to the secondary market. The mortgage markets now more than ever are dependent on local institutions being able to sell the loans they originate. Some CDFIs, banks and credit unions are not primarily mortgage lenders, especially the smaller banks and credit unions, which could put them at risk of either not becoming a FHLB Des Moines member or being severely penalized with the loss of membership.

In addition to the harm done to credit availability in our community the rule could potentially reduce the potential income of the FHLBanks which in turn could significantly reduce the FHLB's contribution to its Affordable Housing Program. This then ultimately hurts our community's ability to meet a range of housing needs.

We respectfully request that you withdraw this proposed regulation and begin a dialog with the FHLBs on these issues.

Sincerely,

Chip Halbach, Executive Director, Minnesota Housing Partnership

Joe Wheeler, Executive Director, Southeast Minnesota Multi-County HRA

Rick Goodemann, Executive Director, Southwest Minnesota Housing Partnership

Mike Thorsteinson, Executive Director, Three Rivers Community Action



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