

MAINE BANKERS

Association

January 12, 2015

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

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

Dear Mr. Pollard:

The Maine Bankers Association is providing additional comments to the Federal Housing Finance Agency (FHFA) regarding the proposed changes to the membership requirements for the Federal Home Loan Bank System. The Associations' 31 member banks represent all types of federally insured banking institutions are all members of the Federal Home Loan Bank System. Twenty-seven of our members are Maine headquartered community banks with assets ranging from \$75M to \$3.1B.

The FHFA NPRM regarding membership eligibility requirements for the FHLB System is viewed by our entire membership as unnecessary and in fact, a barrier to the goals of the FHLB System. The Maine Bankers Association believes that the current membership standards established to join the Federal Home Loan Bank not only support the established housing finance mission but have been reviewed and reaffirmed by Congress on numerous occasions over the System's existence. Clearly, introducing an annual test for commitment to housing would fundamentally change the System in ways not authorized by Congress.

The imposition of an annual mortgage asset tests that would require members to hold, on an ongoing basis, one percent of assets in home mortgage loans could become a hardship on an institution because of the myriad of external issues including interest rate risk, market competition, housing prices in certain markets and in the risk of holding long term home mortgage loans in a bank's portfolio. All of those factors and others may be prevalent at any time in the marketplace.

Unless Congress redefines the role of the FHLB System, the core mission should remain to serve as a reliable source of liquidity for their member institutions in support of housing finance and community lending. The economy of the country and most specifically that of rural states like Maine needs a predictable source of liquidity to maintain a consistent flow of funds to the mortgage market. The commitment of the industry to support housing finance is unwavering. Creating an artificial, numeric barrier to accessing those funds will change forever, the extraordinary benefits that the Federal Home Loan Bank System has brought to the American Consumer.

We respectfully urge the FHFA to withdraw the NPRM and recognize that the current mission of the System as defined by Congress allows its members to meet that mission.

Sincerely,

Christopher Pinkham, President