

January 16, 2015

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

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

Dear Mr. Pollard:

On behalf of the Esperanza and the families and individuals we serve¹, I appreciate the opportunity to comment on the proposed rulemaking. Esperanza is a faith-based organization committed to strengthening the Hispanic community through a variety of programs and services, focused primarily on Community Development; Capacity Building; Workforce Development; Education; and Advocacy. Through our work, we strive to follow the biblical mandate to serve “the least of these” by equipping and empowering Hispanic communities for advancement.

I approach this issue from two perspectives, that as a member of the board of the Federal Home Loan Bank (FHLBank) of Pittsburgh and as the President of Esperanza.

As an FHLBank board member, I appreciate the role of the Federal Housing Finance Agency as the prudential regulator of Federal Home Loan Banks. Effective supervision of the FHLBanks is a critical underpinning in making member banks’ investment and participation in the Federal Home Loan Banks reliable and safe. However, I fail to see how this proposed regulation has any positive impact on safety and soundness and I find no evidence offered by the Agency in the proposed rule to that effect. I have seen no public statements from the Agency that point to safety and soundness concerns with regard to membership.

The proposed regulation adds troubling new elements into the regulatory environment of our members. First, the regulation makes access to FHLBank liquidity less reliable, which will be of concern to our members’ prudential regulators. In addition, the regulation imposes the Finance

¹ Esperanza now employs around 300 staff members, has an annual operating budget of about \$30 million, and works at local, national, and international levels

Agency as another de facto regulator of FHLBank members. FHLBank members will now have to manage to an operating metric not imposed by the congress or their own prudential regulator, but by the Finance Agency.

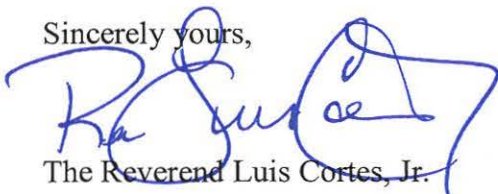
As a community leader attempting to meet the many challenges faced by low income individuals and families, we at Esperanza have been providing HUD approved Housing Counseling Services in nine states. We have invested over 75 million dollars in economic development in Philadelphia. I am concerned that the proposed rule will damage the ability of the FHLBank to meet its statutory mission to provide invaluable support to those low income members of my community that need safe and affordable housing. This proposed rule will diminish the value of FHLBank membership, reduce borrowing from FHLBanks and reduce the capacity of FHLBanks to assist members in serving the housing needs of their markets.

I'm concerned that FHLBank resources will have to be redeployed to monitoring membership tests and this may take away from the Bank's ability to create innovative programs such as Blueprint Communities or Banking on Business, and 1st Front Door. These are programs that really help communities.

The individuals and families my organization serves may not be FHLBank stockholders, but we are stakeholders. We work with over 10,000 Hispanic churches in the United States. The neighborhoods we serve require access to credit to build new housing, rehab existing stock and stimulate community investment. An arbitrary asset test for continued FHLBank membership will achieve the opposite effect. Our relationship with vulnerable populations with urgent needs for safe and affordable housing leads us to conclude that restricting the continued access of banks and credit unions to FHLBank membership will only make a bad financial situation for Hispanics even worse.

As a board member, I worked hard with my Federal Home Loan Bank Board Colleagues to bring our bank through some tough times during the crisis, including suspending dividends. Our members stuck with the FHLBank during that period, which met regulatory and policy concerns that it remain well-capitalized. As an affordable housing advocate, I have worked with organizations through this same period which resulted in some lean years in terms of AHP grants. I want to see that the members and affordable housing partners that stuck with the FHLBank through these challenging times do not now face a new challenge imposed by the regulation which I respectfully request that you withdraw.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Luis Cortes, Jr.", written over a faint, large, stylized outline of a house or similar shape.

The Reverend Luis Cortes, Jr.
President Esperanza
Board Member FHLB - Pittsburgh