From: Cheryl A. Nakashige
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Sent: Tuesday, February 07, 2012 3:18 PM
To: !FHFA REG-COMMENTS
Subject: FHLB Community Support Amendments Comment Letter

Since www.regulations.gov is shut down today for maintenance, I am sending the comments separately to your agency in regard to the proposal for the FHLB Community Support Amendments (RIN 2590-AA38), dated November 10, 2011.

We are concerned with the requirement that the FHLB would require each member bank to have engaged in one or more eligible first-time homebuyer programs or activities in the period covered by the most recent first-time homebuyer support statement in order to be eligible for a long-term advance. In the proposal, the FHFA was requesting comments as to whether a member bank should be required to engage in "more than one" eligible first-time homebuyer program or activity in order to be in compliance with the first-time homebuyer standard. For a smaller community bank ($250 million in assets) that is 5-years-old, it is difficult to even meet one eligible first-time homebuyer activity for several reasons:

* Our Bank does not currently offer long-term, fixed-rate loans for home purchase due to interest rate risk concerns. The maximum we offer is 15 years to a qualified customer and is generally a balloon loan. Typically, these types of loans do not fit the needs of a first-time homebuyer.
* We currently portfolio our loans, and we do not have the resources to implement and offer first-time homebuyer type of loans available through the secondary market.
* We are a commercial bank and offer a limited residential loan portfolio, with many of the residential loans being made to business owners of the business we bank (who are typically not first-time homebuyers).
* The Bank has a referral relationship with a mortgage broker who offers 30-year residential mortgage loans, but referrals are not tracked and retained.
* We do not have a method to track first-time homebuyer purchases or these types of activities internally.

It would appear from the proposal that a bank would need at least a "Satisfactory" CRA rating (which we received at our last CRA examination) and to have engaged in one or more first-time homebuyer activities in order to receive long-term FHLB advances. We did not have any eligible first-time homebuyer activities during the last FHFA community support review, yet we are still eligible for the long-term advances. If this position remained the same during the next review, would we then be cut off from any advances? With the industry trying to recover from the financial crisis (where community banks were not the cause of), this does not seem prudent when we are trying meet the credit needs of our community. It is our opinion that if a member bank receives at least a "Satisfactory" CRA rating solely, then they should be eligible for long-term advances.

Thank you for your consideration of these comments.

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