



**MONTANA
BANKERS
ASSOCIATION**

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February 8, 2012

Mr. Alfred M. Pollard, Esq.
General Counsel
Federal Housing Finance Agency
Fourth Floor
1700 G Street
Washington, DC 20552

Re: Federal Home Loan Bank Community Support Amendments: RIN 2590-AA38

Dear Mr. Pollard:

On behalf of the Montana member banks of the Federal Home Loan Bank of Seattle, we are submitting these comments in regards to the above referenced proposed rules amendments. The Montana Bankers Association opposes the proposed amendments and recommends their withdrawal.

Our concern is the proposed amendments return the community support regulation enforcement responsibilities to the individual Home Loan Banks, instead of remaining with the FHFA. This change may create the potential for the re-emergence of a conflict-of-interest between the member banks, the borrowers, and the FHLB's, the lenders. A conflict that was recognized and dealt with years ago when the Congress recognized and eliminated it by separating the lending and regulatory enforcement functions. The FHFA is the appropriate agency to determine whether the banks are in compliance with FHFA rules, not the individual FHLB's.

MBA opposes eliminating the probationary period under the community support regulation. The amendment has several undesirable consequences and is contrary to the goal of meeting the housing needs in our communities. We support the current system which allows those member institutions that have a single "Needs-to-Improve" CRA rating to continue to have access to long-term advances and other FHLB community investment products while improving their rating. This process satisfies both the need for the bank to improve their rating, but does not deny the bank access to tools to assist them make those improvements. The proposed amendment may impair the bank's ability to address the deficiencies by restricting access to long-term advances from the FHLB and may constrain the FHLB's housing finance mission.

Thank you for the opportunity to comment on the proposed rules. We recommend the FHFA amend the proposed rules to maintain the community support regulation enforcement by the FHFA and not to eliminate the single CRA "Need-to-Improve" rating probationary period.

Sincerely,

Steve Turkiewicz, CAE
President/CEO

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