



March 25, 2011

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

Re: RIN No. 2590-AA39 - Membership requirements for members of the Federal Home Loan Bank

Dear. Mr. Pollard:

On behalf of the diverse membership of the South Dakota Bankers Association, I want to thank you for the opportunity to offer comments on the afore mentioned matter regarding membership requirements for members of the Federal Home Loan Bank system. Many of South Dakota's community banks are long-standing members of the Federal Home Loan Bank of Des Moines. The Federal Home Loan Bank system provides a reliable and cost effective source of short and long term funding for home mortgages, home equity loans, commercial real estate and small business loans. As such, SDBA members have concerns with some portions of this ANPR.

Fundamentally, SDBA members believe that changes to Federal Home Loan Bank member criteria should come from Congress. Past history shows that Congress has repeatedly sought to expand, not contract membership criteria. Recent economic events, Congressional action and prudential bank regulatory measures have combined to create considerable financial uncertainty in the minds of community bankers. Certain segments of our nation's housing markets are still quite fragile. Reform of the housing GSEs, particularly Fannie Mae and Freddie Mac, are top priorities for the new Congress. I suggest that your proposed changes to ongoing FHLB membership eligibility are counterproductive and ill-timed.

In your ANPR, I cannot find any solid basis for imposing ongoing membership restrictions at the present time. Your suggested regulatory changes would make it increasingly difficult to obtain and maintain access to liquidity provided through Federal Home Loan Bank advances. Stricter requirements will reduce the level of certainty which Federal Home Loan Bank members can place in the system as a source of future liquidity as economic conditions change. To the extent that these proposed changes discourage banks from joining the system, they will also reduce the ability of the FHLB system to support housing and community development needs in their districts.

Lastly, I would point out that these proposed rules represent another example of the mixed signals coming from Washington, D.C. to our nation's system of community banks. On the one hand, the White House and Congressional leaders say they want to reduce regulatory confusion and burden because the very much want to see demand for credit, business loan volume and employment numbers increase. On the other hand, these proposed rules could very well create the opposite effects.

For all of the afore mentioned reasons, the South Dakota Bankers Association respectfully requests that the membership ANPR should be withdrawn. Again, thank you for the opportunity to submit these comments.

Sincerely,

A handwritten signature in blue ink that reads "Curt Everson". The signature is written in a cursive style with a large initial "C".

Curt Everson
President
South Dakota Bankers Association