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October 27, 2015

The Honorable Blaine Luetkemeyer
Chairman
Subcommittee on Housing and Insurance
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable John C. Carney, Jr.
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Denny Heck
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Patrick T. McHenry
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Luetkemeyer, Representative Carney, Representative Heck, and Representative McHenry:

On behalf of the more than 6,000 community banks represented by the Independent Community Bankers of America, I write to express our strong support for H.R. 3808, which would require the Federal Housing Finance Agency (FHFA) to withdraw a proposed rule that would limit membership in Federal Home Loan Banks (FHLBs).

The 12 regional FHLBs are a critical resource to community banks, the vast majority of which are Federal Home Loan Bank members. The Federal Home Loan Banks help community banks better serve their communities and compete with larger banks in their markets. Without ready access to the low-cost FHLB advances, many community banks would be forced to curtail their mortgage lending, resulting in more underserved markets, particularly in rural America.

The FHFA's proposed rule would re-impose a mortgage lending test on FHLBank members. The Gramm-Leach-Bliley Act (GLBA) lifted the mortgage asset test for banks with assets of less than \$1 billion. GLBA also authorized such banks to pledge small business, and agricultural loans as collateral for long-term advances. It's very troubling that the FHFA has now proposed to reverse by regulation Congress's removal of the asset test. The FHFA proposal cuts against the grain of Congress's clearly expressed intention of expanding the mission and role of FHLBanks beyond residential housing finance to supporting small and medium sized businesses and other critical community needs.

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H.R. 3808 would require the FHFA to withdraw its proposed rule. It would also require the Government Accountability Office to study the impact of the proposed rule and report to Congress. Thank you for introducing this important legislation. ICBA looks forward to working with you to advance it into law.

Sincerely,

/s/

Camden R. Fine
President & CEO

CC: Members of the House Financial Services Committee

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