



The Honorable Sandra Thompson
Director
Federal Housing Finance Agency
400 7th Street SW
Washington, D.C. 20219

Re: Federal Home Loan Bank Mission RFI

Dear Director Thompson

I write on behalf of the 116 members of the Indiana Bankers Association to comment on the Federal Housing Finance Agency 's (FHFA) Request for Input (RFI) on Federal Home Loan Bank (FHLBank) mission activities and achievement.

The FHLBank of Indianapolis is a critical partner to banks of all asset sizes throughout Indiana. Access to FHLBank liquidity is invaluable to our members providing credit in the communities they serve for housing, small business, agriculture and economic development. The access to FHLBank liquidity in all economic cycles is also of great assistance in assuring the financial stability of banks. That, in and of itself, is an important public policy mission of FHLBanks.

The RFI considers requiring additional data collection on mission activities to be performed either by the FHLBanks or their member financial institutions. Our members are already subject to the Community Reinvestment Act (CRA), which mandates that banking regulators encourage and examine banks to meet the credit needs of the communities they serve, especially low- and moderate- income localities. CRA data collected by Federal bank regulators is publicly available today.

The existing regulatory burden on community banks is already a substantial issue. It is a major factor contributing to consolidation in the community bank sector and inhibits creation of new banks. Our members are concerned that the RFI on mission is the first step leading to additional costs and regulatory burdens on our members who know their communities and have effectively been meeting the diverse credit needs of towns and cities in all parts of Indiana.

Future efforts to link advances to loans for housing or community development through preferential dividends or pricing of advances, as suggested in the RFI, would be misguided. Active borrowers from the FHLB Indianapolis are already rewarded through its activity-based capital plan. Money is fungible. Conditioning advances to a member's specific activities is likely to make for a cumbersome process that has the unintended consequence of being a disincentive to using a FHLBank's products and services.

The FHLBank of Indianapolis has worked collaboratively and effectively with Indiana banks over the past three decades. It is a cooperative partnership that has benefited the communities our members serve and satisfies the important public policy of ensuring that credit is extended for housing, small business and economic development purposes. The FHLBanks are meeting the mission requirements set out by Congress. The Indiana Bankers Association urges the FHFA to move cautiously on any new regulatory initiatives that might place additional burdens on the FHLBanks and their members that could complicate this successful cooperative partnership.

A handwritten signature in black ink that reads "Amber R. Van Til". The signature is written in a cursive style with a small dot above the 'i' in "Til".

Amber Van Til
President and CEO
Indiana Bankers Association