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February 7, 2011

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency - Fourth Floor
1700 G Street, NW
Washington, D.C. 20552

Re: Advance Notice of Proposed Rulemaking and Request for Comments – Members of
Federal Home Loan Banks (RIN 2590-AA39)

Dear Mr. Pollard:

The Federal Housing Finance Agency (FHFA) has requested comments on an advance notice of proposed rulemaking (ANPR) in which the agency has expressed its desire to review the nexus between Federal Home Loan Bank (FHLBank) membership requirements and the FHLBanks' housing finance and community development mission as established by Congress. The ANPR reviews current membership requirements, discusses possible changes to membership eligibility, and poses a number of questions for comment. On behalf of the Council of FHLBanks, a trade association whose members are the twelve FHLBanks, I am submitting this comment on the ANPR.

First, it is our understanding that, as a general principle, regulations are developed by regulatory agencies in order to follow Congressional actions and directives. As such, in the present case, any proposal that seeks to narrow the FHLBanks' mission or restrict membership eligibility should be something that originates from Congress – not the regulator.

In this regard, we observe that the ANPR actually contradicts the past Congressional tendency, particularly in recent years, to statutorily broaden the field of FHLBank membership. Over time, Congress has had many opportunities to clarify and tighten membership requirements if it believed the intent of the Federal Home Loan Bank Act was not being followed or if there were abuses of the FHLBank System. However, Congress has not done so.

Next, the ANPR fails to provide any compelling reason for the imposition of revised membership regulations at this time. Put somewhat differently, the ANPR offers no clear explanation of the benefits the agency expects to achieve by changing the membership rules. The ANPR does not cite any specific abuses of the membership regulations that would merit the need for sweeping changes to the current rules. Further, as far as we can tell, the FHFA has not

previously provided any examples of such problems in its annual reports to Congress which are required by 2008's HERA legislation.

Finally, we note that President Obama's recent Executive Order pertaining to improving regulations and regulatory review encourages a more balanced approach to the regulatory process and emphasizes that Federal regulators should find the simplest, least costly and least burdensome way to implement new requirements. The President is asking for government regulation to support, not undermine, economic growth and job creation. The Executive Order also encourages flexibility for rules that affect small businesses. While we understand that the language of the Executive Order may not technically apply to the FHFA, we believe that what is discussed and proposed in the ANPR violate the spirit of the Executive Order.

For the foregoing reasons, we respectfully request that the ANPR be withdrawn from consideration at this time.

Thank you for considering these comments.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lee Gibson", written in a cursive style.

Lee Gibson
Chairman
Council of FHLBanks