

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

Sent via email to [RegComments@fhfa.gov](mailto:RegComments@fhfa.gov)

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

Dear Mr. Pollard,

The following letter is submitted on behalf of the 160 members of the Indiana Bankers Association (IBA), in response to the Federal Housing Finance Agency (FHFA) request for comments on an advanced notice of proposed rulemaking (ANPR) whereby the FHFA expresses its desire to review the nexus between Federal Home Loan Bank (FHLB) membership requirements and the FHLB housing finance and community development mission established by Congress. Following are the IBA comments.

First, historically, Congress has set the membership eligibility requirements for all FHLBs. Assuming that is established precedent, we question the appropriateness of a rule directed by the FHFA. Since there has been a broadening of the membership requirements over the years, Congress appears to have the intent for broadening those requirements, not limiting them.

Second, President Obama has just released his proposal to modify federal housing policy. A preemption by issuance of this ANPR of that proposal's consideration by Congress makes it more inappropriate that the FHFA would attempt rulemaking at this time.

Third, more specifically to the proposal, the FHLB of Indianapolis has successfully sought more memberships from insurance companies that utilize the advances to provide an array of mortgage financing that meets the mission of the FHLB system, as prescribed by Congress. Insurance Company membership helps the FHLB to maintain enough size and profitability to absorb the increased cost associated with prudent, safe operations, while enabling all its members to access advances in support of their housing mission and economic development in their communities. The strength and viability of our FHLB is critical to ensuring the support of the 160 member institutions represented by the IBA that are predominately small community banks. Those small community banks require the support of the FHLB system as a primary liquidity source. We have witnessed in the past three years the incredible reliability and flexibility that is built into the FHLB system. The system was greatly expanded and then contracted to meet those community bank liquidity needs at a competitive rate of interest.

Also, insurance company balance sheets and business models are significantly different from those of banks. It would be very difficult for insurance companies to meet a 10% residential mortgage loan requirement as a result of those differences.

With President Obama and a new Congress both focused on dismantling rules and regulations that prohibit economic expansion and job growth, this rule appears to be counterproductive.

The IBA respectfully requests that the rule be withdrawn from consideration.

Thank you for your consideration.

Sincerely,



S. Joe DeHaven  
President/CEO