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

Attn: Comments/RIN 2590-AA39 - **Sent Via Electronic Delivery (RegComments@fhfa.gov)**

RE: RIN No. 2590 AA39 – Membership Requirements for Members of the Federal Home Loan Bank

Dear Federal Housing Finance Agency:

On behalf of the Oregon Bankers Association and its membership of Oregon's state and national banks, we appreciate the opportunity to comment on the above-referenced rule concerning membership requirements for the Federal Home Loan Bank. Most Oregon banks have an important and longstanding relationship with the Federal Home Loan Bank of Seattle. Consequently, they have a number of concerns related to this advance notice of proposed rulemaking, as set forth below.

As an initial matter, any changes to the Federal Home Loan Banks' membership or mission should originate with Congress, rather than the regulator. In the past, Congress has sought expansion, rather than contraction, of the role of Federal Home Loan Banks. The present advance rulemaking would most likely result in membership restriction. At a time when there is an ongoing discussion on the national level concerning the housing finance system, including the crucial role served by Federal Home Loan Banks, the regulator should seek clear instruction from Congress before proceeding forward with the rules proposed in the advanced notice of rulemaking.

Second, no compelling reason has been articulated for the imposition of additional membership regulations at this time. It is not clear from the advance rulemaking what the benefit is of a requirement of continuous compliance. In fact, it is likely that these rules would not be beneficial to the current system. The changes contemplated would actually add uncertainty to the Federal Home Loan Bank's membership. Current members may not be sure of their ability to meet ongoing requirements and tests and, therefore, maintain their access to the Federal Home Loan Banks' liquidity and funding products, especially during times of financial stress.

The contemplated regulations could result in many financial institutions facing greater challenges in obtaining and maintaining access to the liquidity available through the Federal Home Loan Bank. The

rules could act to discourage potential members from joining, therefore, inhibiting the ability of the Federal Home Loan Banks from serving key housing and community development needs in the districts in which they operate. Further, challenges could result with respect to interest rate risk management and flexibility for community banks to manage their balance sheets. Again, the restrictions would be, if nothing else, ill-timed given the ongoing economic struggles the country faces.

Finally, the proposed rules run counter to the spirit of the administration's goal of improving regulation and the regulatory environment. The President has sought to review government regulation to ensure that existing regulation is supportive of economic growth and job creation. The proposed rules would, in fact, have a chilling effect on economic growth and job creation and would threaten to limit financial institutions' access to low cost funding provided by Federal Home Loan Banks.

CONCLUSION

For the reasons stated above, the Oregon Bankers Association is opposed to the changes contemplated in the advanced rulemaking. OBA, on behalf of Oregon's banking community, strongly urges the Federal Housing Finance Agency to withdraw the rulemaking. OBA stands ready to work with the Federal Housing Finance Agency to devise a plan that would best serve the interests of the Federal Home Loan Bank system, Oregon banks and the customers and communities we serve. If you have any questions, please feel free to contact me.

Very best regards,



Linda W. Navarro
President & CEO
Oregon Bankers Association &
Independent Community Banks of Oregon