



March 28, 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: RIN 2590-AA39

Dear Mr. Pollard:

On behalf of the nearly 600 commercial banks and thrifts that are members of the Texas Bankers Association, thank you for the opportunity to comment on the Federal Housing Finance Agency's (FHFA) advanced notice of proposed rulemaking (ANPR) on current Federal Home Loan Bank membership requirements. Unfortunately, I cannot write in support of the changes.

The ANPR does not present any compelling reason for the proposed changes to Federal Home Loan Bank membership requirements and does not present any information showing that there is a problem with the current membership rules. Requiring Federal Home Loan Bank member institutions to hold at least 10% of their assets in mortgage on a continuing basis, rather than only when they join, could severely limit, if not eliminate altogether, a vitally important source of funding for community banks, which make up the overwhelming majority of Texas Bankers Association members.


As Congress intended, Federal Home Loan Bank funding is used by members to provide traditional residential mortgage finance as well as to support community development and affordable housing activities in their communities. However, the regulatory changes under consideration would make it more difficult for many financial institutions to obtain and maintain access to the liquidity available through Federal Home Loan Bank advances. Furthermore, the changes could also discourage potential members from joining; ultimately inhibiting the ability of Federal Home Loan Banks to serve the housing and community development needs of their districts.

Any changes to the FHLBanks' membership or mission – especially changes that would restrict membership eligibility or narrow the FHLBanks' mission - should come first from Congress, particularly at this time when Congress and the Administration are just at the beginning of an extensive effort to review housing finance in this country, including the FHLBanks' role. When Congress has examined the FHLBanks in the past, the result has been to expand, rather than contract, the role of the FHLBanks.

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For these reasons, the membership ANPR should be withdrawn. Once again, thank you for the opportunity to submit this comment on the ANPR.

Sincerely,

A handwritten signature in black ink that reads "J. Eric T. Sandberg, Jr." The signature is written in a cursive style with a large, stylized initial "J" and a prominent "r" at the end.

J. Eric T. Sandberg, Jr.  
President and Chief Executive Officer