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September 22, 2014

Submitted through the eRulemaking Portal: [www.regulations.gov](http://www.regulations.gov)

The Honorable Melvin L. Watt  
Director  
Federal Housing Finance Agency  
400 7<sup>th</sup> Street, SW  
Washington, DC 20024

Attention: Comments/RIN 2590-AA39

Re: Notice of Proposed Rulemaking and Request for Comments  
(RIN 2590-AA39)

Dear Director Watt:

The Independent Bankers Association of Texas, representing some 2,000 Texas community banks and branches, appreciates the opportunity to comment on the Notice of Proposed Rulemaking on Members of Federal Home Loan Banks (RIN 2590-AA39) (the "NPR") issued by the Federal Housing Finance Agency ("FHFA"). We have concerns that the proposed rule, while attempting to ensure that all FHLBs operate in a safe and sound manner, may restrict access to bank services going forward.

Requiring each FHLB member maintain at least 1% of its assets in long-term home mortgage loans and at least 10% of its assets in residential mortgage loans is unnecessary. FHFA's existing regulations already require that a member must pledge residential mortgage loans or other eligible assets as collateral for each advance. This collateral-based approach has served the system well for many years and provides a common sense approach to achieving the agencies' goals to support housing finance.

In the wake of Dodd-Frank legislation, new mortgage rules promulgated by the Consumer Financial Protection Bureau have made mortgage lending compliance much more difficult for many community banks and new mortgage lending thresholds required by FHFA could disqualify many of these banks. If the new threshold requirements are put into place, we believe that new regulatory compliance burdens will fall disproportionately on smaller community banks. As such, IBAT strongly suggests that FHFA abandon new mortgage threshold requirements.

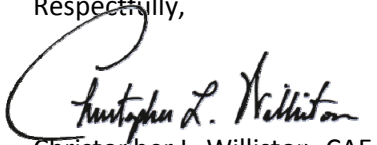
In these challenging economic times, FHFA should be looking to expand rather than further restrict membership eligibility consistent with Congressional intent. Since the late 1980s, Congress has demonstrated its desire to expand FHLB membership. Commercial banks and credit unions were granted access and later such privileges were granted to community development financial institutions ("CDFI").

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We believe the current requirements and qualifications for membership should be maintained and not be made more difficult and complicated by regulatory fiat.

We appreciate the opportunity to comment on this important matter.

Respectfully,



Christopher L. Williston, CAE  
President and CEO

CLW/bjk