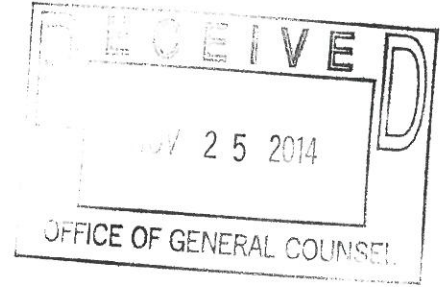


November 14, 2014



Mr. Alfred M. Pollard
General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency
400 Seventh Street SW, Eighth Floor
Washington, D.C. 20024

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

Dear Mr. Pollard:

This letter is in response to the FHFA request for comments regarding the notice of proposed rulemaking (NRPM) associated with RIN 2590-AA39, addressing changes in the Federal Home Loan Banks' membership rules. As a professor of economics and finance, I am submitting this comment on the NPRM accordingly.

The Federal Home Loan Banks have provided liquidity that has other wise been in short supply since (and during) the 2007-2008 recession. One of the few bright spots in the U.S. economy over the past several years has been the activity financed by the Federal Home Loan Banks. Their programs of advances and grants for affordable housing have boosted markets that otherwise would have been moribund.

I am aware of no problems caused by the FHLB in any region. Indeed, the banks have been run efficiently without massive bailouts or taxpayer money. Why mess with a good thing? Financial intermediaries such as credit unions, insurance companies and community development financial institutions have access to FHLB liquidity. These institutions have continued to keep the U.S. economy moving while others have been virtually frozen. Collateralization, such as might be limited by the proposal changes, has been the life-blood for small communities such as the one in which I live. Restricting membership access to FHLB liquidity could very well be the spark that plunges the nation into another recession. My request is that the FHFA reconsider the proposed rules changes and let the determination of FHLB membership requirements remain with the Congress.

Thank you for your consideration.

Sincerely,

Marshall J. Horton, Ph.D.
Regions Bank Professor of Economics and Finance
Frank D. Hickingbotham School of Business
Ouachita Baptist University

