December 15, 2014

Director Melvin L. Watt
Federal Housing Finance Agency
400 Seventh Street SW, Eight Floor
Washington, DC 20024

Attention: Comments/RIN 2590-AA39

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

Dear Director Watt:

Thank you for the opportunity to comment on the Federal Housing Finance Agency's ("FHFA") Notice of Proposed Rule Making on Members of Federal Home Banks (RIN 2590-AA39) (the "NPR"). We support FHFA's efforts to ensure that the activities of the Federal Home Loan Banks (the "FHLB") further the purposes of the Federal Home Loan Bank Act, but we do have some reservations about the extent to which that objective is advanced by the NPR's proposed ongoing mortgage asset requirements.

In particular, it is unclear what would actually be accomplished by requiring each FHLB member to maintain at least 1% of its assets in long-term mortgage loans or by requiring most insured depository institutions to maintain at least 10% of its assets in residential mortgage loans. The NPR acknowledges that FHFA's existing regulations require that a member must pledge residential mortgage loans or other eligible assets as collateral for each long-term advance. This collateral-based mechanism already ensures that these advances support residential housing finance. Indeed, both the NPR and FHFA's earlier advance notice of proposed rulemaking concede that there is no evidence of a widespread problem of members reducing their mortgage assets after becoming members. Given the effectiveness of the existing collateral-based caps on FHLB advances and that most members already hold the required mortgage assets, the NPR's proposed ongoing mortgage asset requirements appear to be a solution in search of a problem. That is particularly concerning, as both the FHLBs and their members would have to devote time and resources to new systems and controls to ensure compliance with apparently needless requirements. This would undoubtedly negatively impact the Affordable Housing Program dollars that are so important to the district that each FHLB serves.

Furthermore, the NPR's mortgage asset requirements, to the extent that they would effectively narrow membership eligibility, would be contrary to Congress' efforts to expand membership eligibility. Congress extended FHLB membership to commercial banks and credit unions in 1989 and to community development financial institutions ("CDFI") in 2008. Congress has also recently removed limits on advances to non-thrift lenders and expanded the range of eligible collateral for advances. In light of this recent activity and also Congress' current attention to housing finance reform, we respectfully submit any regulatory action that might tend to narrow FHLB membership eligibility which would ultimately impact the member eligibility for and funding level of the Affordable Housing Program should be left to Congress.

Sincerely,

Cassie Hicks

Cassie Hicks
University of Southern MS Institute for Disability Studies
2014 FHLB Dallas Advisory Council Chairman

Michael Gerber
Housing Authority of the City of Austin
2014 FHLB Dallas Advisory Council Vice-Chairman

Michelle Whetten

Michelle Whetten
Enterprise Community Partners, Inc.
2015 FHLB Dallas Advisory Council Chairman

Andre Stephens
St. Francis Community Development Corporation
2015 FHLB Dallas Advisory Council Vice-Chairman

Jay Czar
New Mexico Mortgage Finance Authority
At Large Representative FHLB Dallas Advisory Council