

#20141231010



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December 19, 2014

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The Honorable Melvin L. Watt, Director
Federal Housing Finance Agency
ATTENTION: Comments/RIN 2590-AA39
400 7th Street, SW
Washington, DC 20024

RE: Notice of Proposed Rulemaking and Request for Comments
RIN 2590-AA39

Dear Director Watt:

I respectfully submit this letter of comment regarding the above-referenced Notice of Proposed Rule Making on Members of Federal Home Loan Banks (the "NPR") issued by the Federal Housing Finance Agency ("FHFA").

Historically, the power in determining Federal Home Loan Bank ("FHLBank") membership criteria has belonged to Congress. I am troubled that these proposed changes restrict membership versus previous changes which enhanced membership opportunities. I am especially concerned that the proposal imposes, for the first time, on-going mortgage asset test requirements. Under the FHFA proposal, banks that want to maintain access to the liquidity available through membership in their FHLBank will have to adjust their business plans to meet the requirements of regulation. Management could be compelled to operate their bank in a manner that weakens the bank's capital and earnings.

Additionally, I believe the proposed regulation would represent fundamental changes to the FHLBank system by removing the certainty that FHLBanks will be a reliable source of liquidity in all market conditions while other financial regulators are focused on their regulatees' liquidity. The proposal could also conflict with concerns of financial regulators that institutions reduce holdings of long-term fixed rate mortgages and sell them in the secondary market.

Overall, I believe the proposed rule will make membership in an FHLBank less attractive by imposing new regulatory burdens on FHLBank members. As it discourages FHLBank membership, it will reduce funds available for the affordable housing program which has been so critical in Louisiana.

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Please accept this as my objection to the NPR as written, and I hereby request the FHFA to withdraw the proposed rule changes based on the merits stated above. Thank you for your time and consideration. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Francis C. Thompson". The signature is written in a cursive style with a long horizontal line extending to the right.

Francis C. Thompson
Louisiana State Senator
District 34

FCT/cms