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Treasurer

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VIA EMAIL TO REGCOMMENTS@FHFA.GOV

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

**RE: Comments/ (RIN 2590-AA39): Notice of Rulemaking and Request for Comments –
Members of Federal Home Loan Banks**

Mr. Pollard:

SunTrust Bank appreciates the opportunity to comment on the Federal Housing Finance Agency's (FHFA) notice of proposed rulemaking (NPR) entitled "Members of the Federal Home Loan Banks" published on September 12, 2014 (NPR). Although we are sensitive to the fact that the FHFA has previously issued an Advanced Notice of Proposed Rulemaking (ANPR) and now an NPR on this information, we are respectfully asking the FHFA to withdraw the proposed rulemaking that seeks to "establish a quantitative standard for determining compliance with the statutory 'makes long-term home mortgage loans' requirement" and address the proposed changes with Congress through an amendment of the Federal Home Loan Bank Act (Bank Act).

Historically, Bank Act amendments addressing membership have focused on the type of institution that can be included in the Federal Home Loan Bank (FHLBanks) system while retaining the requirement that they remain active in the residential mortgage markets. To date, none of these changes have included membership term limits or conditions for renewal as proposed in the NPR. We believe the Bank Act remains clear that membership criteria are met at initial application. Since the proposed term and renewal criteria for membership is absent in the Bank Act, we believe membership in the FHLBanks system is being administered as intended.

We support the FHFA pursuing changes to the Bank Act through the congressional process, as we do not believe section 4(a)(3) of the Bank Act supports an ongoing asset test requirement for membership renewal as proposed on page 18 of the NPR. Rather than establishing precedence for an ongoing asset test as suggested by the FHFA, we believe section 4(a)(3) clearly provides a specified period of time to cure a possible balance sheet deficiency of a "newly chartered" institution

that seeks to become an FHLBanks member. Congressional intent for the cited section appears to be clear in that the cure period provides a “newly chartered” institution the ability to build its balance sheet through activities that support the FHLBanks’ mission. In drafting this section of the Bank Act, Congress had an opportunity, if it was their intent, to have explicitly applied an ongoing membership renewal requirement; however, the Bank Act does not reflect this.

The NPR mentions instances in which the FHFA found members who were not actively supporting residential lending through their normal oversight process. The FHFA made it clear, however, that they “found no evidence that this problem is widespread.” Since the issue was identified through the normal oversight process of the FHLBanks, it seems that the existing governance process is sufficient and isolated incidents can be handled individually without calling the membership eligibility process into question.

If passed substantially intact, the NPR does not take into consideration the additional burdens and costs that the ongoing mortgage asset test requirements would impose on FHLBanks members. We believe that the proposed asset test requirements are duplicative because as members we are already subject to ongoing requirements that demonstrate support of residential lending. For example, members must provide eligible collateral (housing finance related) to secure a new advance. In addition, current members must certify their active support of housing for first-time homebuyers to the FHFA every two years through the Community Support Statement.

In summary, we are concerned that the proposed rule sets a precedent for the FHFA to effectively amend the Bank Act without congressional approval. For this reason, we respectfully request that the FHFA withdraw the proposed rule (specifically the ongoing requirements of the quantitative standards), as we believe changes to the statutorily established FHLBanks membership should come from Congress first.

We greatly appreciate your consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul E. Burdiss". The signature is fluid and cursive, with the first name "Paul" being the most prominent part.

Paul E. Burdiss
Treasurer
SunTrust Bank