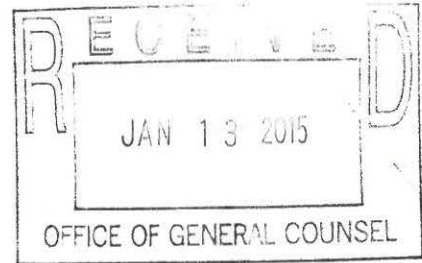


Alfred M. Pollard, General Counsel  
Attention: Comments/RIN 2590-AA39  
Federal Housing Finance Agency  
400 Seventh Street SW., Eighth Floor  
Washington, DC 20024



Monday, January 12, 2015

Re: Notice of Proposed Rulemaking and Request for Comments – Members of Federal Home Loan Banks  
(RIN 2590-AA39, the “Proposed Rule”)

Dear Mr. Pollard:

The Federal Housing Finance Agency has requested comments on a notice of proposed rulemaking on Federal Home Loan Bank membership requirements. We appreciate the opportunity to submit our comments on the Proposed Rule.

As a general matter, we are concerned that the proposed changes would significantly increase the Federal Home Loan Bank (FHLB) membership requirements thereby reducing the liquidity on which we and many others in our industry depend. Moreover, these additional requirements will call into question our ability to borrow under all future economic scenarios. The proposed changes will not only make some current members ineligible, it would also discourage potential members from joining. The net effect would be to inhibit the FHLBs’ ability to carry out their mandate to serve the housing and community development needs of their respective districts through an ongoing expansion of available funds.

Policies that restrict FHLB access, such as the proposed Rule, will have serious consequences including but not limited to making ineligible current members in good standing. Importantly, the Federal Home Loan Bank Act already includes requirements to become a member of an FHLB; these requirements have actually been liberalized in the past through acts of Congress that have facilitated increased FHLB membership in addition to expanding the scope of assets that qualify as eligible collateral for its critical funding.

As proposed by the Agency, ongoing compliance with membership requirements would impose additional regulatory burdens and add an element of uncertainty to our FHLB membership. We would be required to manage our balance sheet to make certain we have ample assets to meet the proposed membership requirements and simultaneously follow the regulations as set by our home domicile state(s). As a result, if adopted, the Proposed Rule would make tenuous our FHLB membership and, in turn, our ability to leverage such membership to support our business in the future.

The Proposed Rule will also shrink the amount of private capital flowing from the global markets through the FHLBs and their respective members to the U.S. mortgage market and the communities that they serve. Ultimately, the Proposed Rule reduces funding of FHLB programs targeted at affordable housing.

In the 113th Congress, the Senate Banking Committee and House Financial Services Committee have been engaged in legislative efforts to achieve comprehensive housing finance reform. As part of these efforts, they have had the opportunity to review the role and mission of the FHLBs. Throughout these deliberations, there has been no discussion of restricting membership in the FHLBs. To the contrary, discussions have revolved around potentially expanding the role of the FHLBs and access to them in a reformed housing finance system. In the next Congress, housing finance reform is likely to be given a high priority. Under these circumstances, the regulator should defer to Congress, as it always has, to determine the nature and extent of the FHLBs' role in providing important financial support for affordable housing throughout the country.

Finally, I wish to emphasize how important reliable access to FHLB is to our company. If adopted, the Proposed Rule would seriously alter, and even harm, the strong and stable relationship with the FHLBs that we and other member institutions have relied on for decades. Why jeopardize the FHLB system that has worked so well for our industry and others over the past 82 years?

For these reasons, we request that the Proposed Rule be withdrawn. Thank you for the opportunity to submit a comment.

Sincerely,



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