VIA EMAIL

July 22, 2013

Mr. Alfred M. Pollard
General Counsel
Attention: Comments/RIN 2590-AA40
Federal Housing Finance Agency
Constitution Center, Eighth Floor
400 Seventh Street SW
Washington, D.C. 20024
RegComments@fhfa.gov

RE: Notice of Proposed Rulemaking, Removal of References to Credit Ratings in Certain Regulations Governing the Federal Home Loan Banks, Request for Comments
RIN 2590-AA40

Dear Mr. Pollard:

The undersigned Federal Home Loan Banks (together, the "Commenting Banks") appreciate the opportunity to comment on the Federal Housing Finance Agency's ("FHFA") notice of proposed rulemaking to remove references to credit ratings from certain regulations applicable to the Federal Home Loan Banks (the "NPR"). We generally support the proposed rule, including the proposal to remove Section 1270.4(b)(6). We write in response to the FHFA's invitation to provide additional comment on a phase-in period for the provisions of the proposed rule and to suggest that the FHFA approach credit review of U.S. government and agency obligations in a manner similar to the OCC's treatment under its final guidance issued along with its final regulation implementing the Dodd-Frank Section 939A.

The FHFA notes that the Federal Home Loan Banks previously requested a one-year phase-in period for any amendments that would implement Section 930A of the Dodd-Frank Act. This request was in response to the Advanced Notice of Proposed Rulemaking on this topic, published by the FHFA on January 31, 2011 (the "ANPR"). The ANPR was highly conceptual and the Federal Home Loan Banks requested a one-year phase-in period to caution the FHFA against imposing significant operational changes on the Federal Home Loan Banks without sufficient time for the Federal Home Loan Banks to implement the changes thoroughly and prudently.

Unlike the ANPR, the NPR provides detailed amendments for specific regulations. In light of the further details provided in the NPR, we agree that a one-year phase-in period is probably more time than necessary; we instead request a six-month phase-in period. The Commenting Banks believe that a phase-in period is necessary to make the appropriate changes to all relevant internal risk management, financial management and credit policies and procedures, allow time to observe any impact of the initial change from reliance on credit ratings to internal credit analyses and to adjust the policies and procedures if necessary, obtain internal and board approval for such changes in accordance with the Commenting Banks' corporate governance practices, and conduct staff training on the new regulation and the resultant changes in policies and procedures.

For these reasons, we request that the FHFA provide a six-month phase-in period to implement the provisions of the final rule.

Additionally, the Commenting Banks suggest that the FHFA, following the approach adopted by the OCC in its final guidance on use of NRSRO ratings in analyzing investment securities, similarly exclude the FHLBanks from being required to analyze U.S. government and agency obligations (including agency MBS) against the regulation's investment quality criteria.[1]

We appreciate your consideration of these comments.

Sincerely,

FEDERAL HOME LOAN BANK OF ATLANTA

Robert S. Kovach
Chief Credit Officer

FEDERAL HOME LOAN BANK OF CHICAGO

Agnes Hardison
SVP, Chief Credit Officer

FEDERAL HOME LOAN BANK OF CINCINNATI

R. Kyle Lawler
Executive Vice President –
Chief Business Officer

FEDERAL HOME LOAN BANK OF INDIANAPOLIS

Jonathan W. Griffin, CFA
Chief Credit and Marketing Officer

FEDERAL HOME LOAN BANK OF PITTSBURGH

Paul A. Briggs
Chief Credit Officer

FEDERAL HOME LOAN BANK OF SAN FRANCISCO

Robert Shovlowsky
Senior Vice President, Chief Credit and
Collateral Risk Management Officer

[1] See 77 Fed. Reg. 35260 (June 13, 2012)

FEDERAL HOME LOAN BANK OF SEATTLE

Dale Jeschke
Credit Risk Officer

FEDERAL HOME LOAN BANK OF TOPEKA

Sonia R. Betsworth
SVP, Chief Credit Officer