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February 8, 2012

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**Re Federal Home Loan Bank Community Support Amendments;  
RIN 2590—AA38**

Dear Mr. Pollard:

The following comments are submitted on behalf of the Arkansas Community Bankers Association (ACB), a trade association representing all 128 independent community banks and thrifts chartered in Arkansas. The following are our observations of the proposed Federal Home Loan Bank Community Support Amendments.

- A Federal Home Loan Bank member's compliance with the FHFA's community support requirements should be determined by the FHFA and not the FHLBank because the FHFA is in a better position to do so and FHLBanks should not be made to perform regulatory functions.
- Requiring FHLBanks to determine whether their members have complied with the FHFA's community support regulation will cast them into the role of regulators of their banks and thereby create conflicts of interest between this new regulatory function and their existing function as lenders to their members.
- Following the Savings and Loan crisis of the 1980s, FHLBanks were given supervisory responsibilities by the Federal Home Loan Bank Board (FHLBB). Congress then expressly took that authority from the FHLBanks by abolishing the FHLBB and gave it to the newly established Office of Thrift Supervision. This action was taken at least partly because Congress recognized that it was inappropriate for the FHLBanks to be both a lender and regulator.
- FHLBanks are charged with promoting housing finance and community development by offering advances and community investment products. They should be allowed to continue doing what they do best. Consequently, we strongly recommend amending the Proposed Rule to keep responsibility for determining compliance with the FHFA's community support regulation at the FHFA.
- Banks and thrifts with a single CRA rating of "Needs to Improve" must have access to the FHLBanks' long-term advances and community investment products to assist them as they work to improve their ratings.



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- Eliminating the probationary period would cast uncertainty on the availability of the FHLBanks' long-term advances, thereby undermining the FHLBanks' housing finance mission.
- Because the elimination of the probationary period would affect very few FHLBank members, it should be retained so that those few members have those additional available tools to assist them while they work to improve their ratings.

We ask that FHFA amend the Proposed Rule in keeping with the above comments. Thank you for the opportunity to comment and we appreciate your consideration.

Sincerely,

Richard G. Trammell  
Executive Director

RGT/mc