

SPENCER BACHUS

6TH DISTRICT, ALABAMA

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REGULATORY REFORM, COMMERCIAL,
AND ANTITRUST LAW

Congress of the United States
House of Representatives
Washington, DC

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<http://bachus.house.gov>

November 17, 2014

The Honorable Melvin L. Watt
Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Dear Director Watt:

We are writing to express our concerns about the notice of proposed rulemaking regarding membership eligibility in Federal Home Loan Banks (RIN 2590-AA39), that was recently issued by the Federal Housing Finance Agency (FHFA). The proposed rule includes significant changes to long-standing membership rules for the Federal Home Loan Bank (FHLBank) system and is likely to have a profound adverse impact on the existing and prospective members and on the communities served by the system. Since their creation over eighty years ago, FHLBanks have helped community banks, credit unions, insurance companies and other groups to provide needed financial services to consumers and have served as a stabilizing presence in the financial system during periods of economic challenge.

Congress has retained the authority to determine the scope and nature of eligibility for FHLBank membership. Congress has frequently reviewed FHLBank membership and member access to the services the system offers. On multiple occasions, Congress has expanded the categories of eligible membership and facilitated access to the important funding the FHLBanks provide. As recently as four years ago, Congress adjusted FHLBank membership rules and did not choose to narrow eligibility for participation in the system, making its intent clear.

The FHLBanks serve as a critical source of liquidity for community banks, credit unions and their various other members, as witnessed by the crucial role the FHLBanks played during the financial crisis. The Banks also serve as an important conduit to the secondary markets for community financial institutions. The proposed rule could jeopardize these and other valuable functions that FHLBanks currently provide for community financial institutions.

In light of these concerns, we urge you to reconsider this proposal and begin a dialogue with Congress, where these important policy decisions should be made.

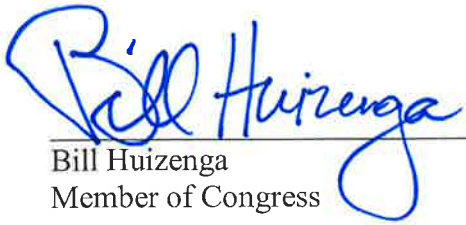


Spencer Bachus
Member of Congress

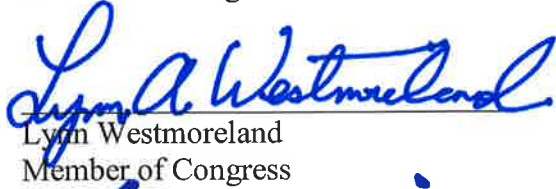
Sincerely,

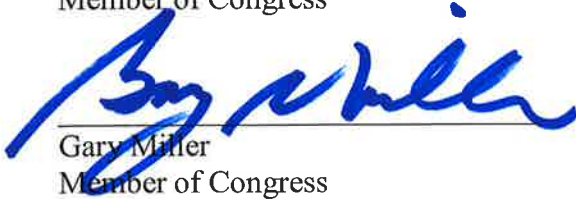


David Scott
Member of Congress

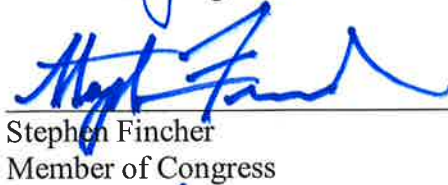

Bill Huizenga
Member of Congress

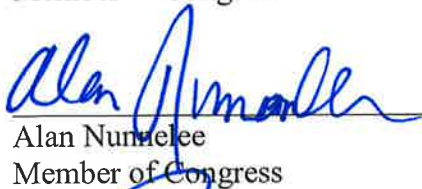

Steve Stivers
Member of Congress

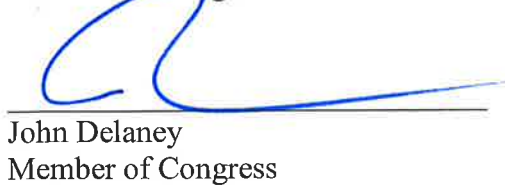

Lynn Westmoreland
Member of Congress

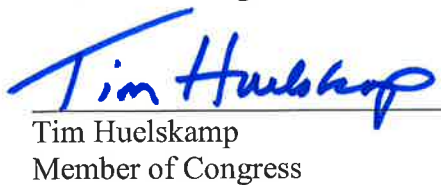

Gary Miller
Member of Congress


Randy Hultgren
Member of Congress

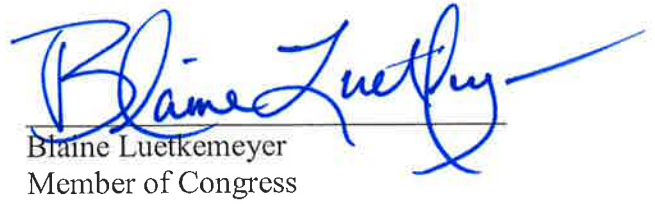

Stephen Fincher
Member of Congress


Alan Nunnelee
Member of Congress

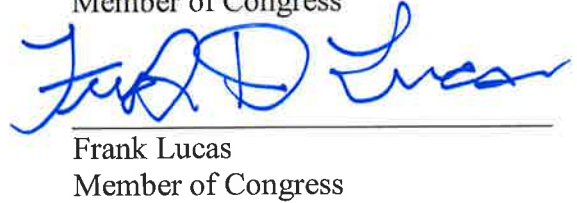

John Delaney
Member of Congress


Tim Huelskamp
Member of Congress

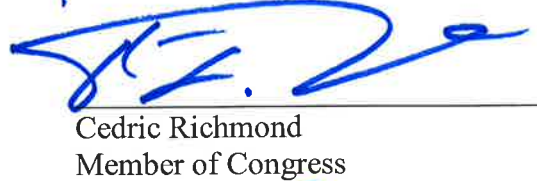

Keith Rothfus
Member of Congress



Blaine Luetkemeyer
Member of Congress



John Campbell
Member of Congress


Frank Lucas
Member of Congress

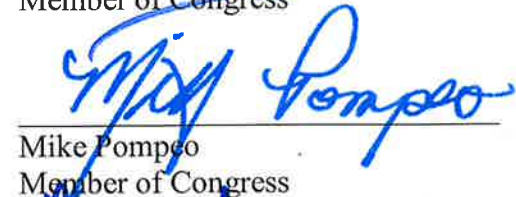

Patrick McHenry
Member of Congress


Cedric Richmond
Member of Congress


Pete Sessions
Member of Congress


Gregg Harper
Member of Congress

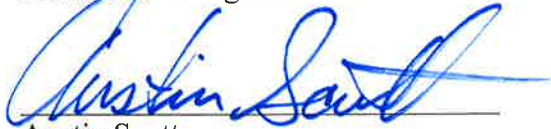

Mick Mulvaney
Member of Congress


Mike Pompeo
Member of Congress


Marc Veasey
Member of Congress



Scott Tipton
Member of Congress



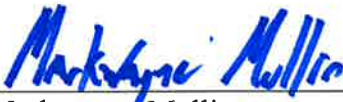
Austin Scott
Member of Congress



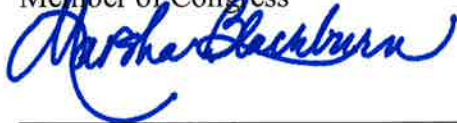
Michael Grimm
Member of Congress



Denny Heck
Member of Congress



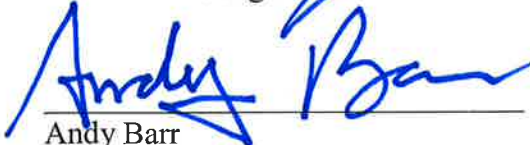
Markwayne Mullin
Member of Congress



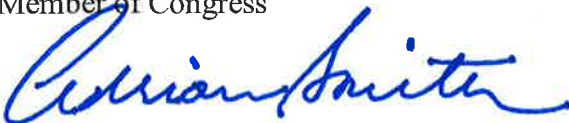
Marsha Blackburn
Member of Congress



Tim Walberg
Member of Congress



Andy Barr
Member of Congress



Adrian Smith
Member of Congress



Robert Hurt
Member of Congress



Bill Foster
Member of Congress



Mike Coffman
Member of Congress



Sean Duffy
Member of Congress



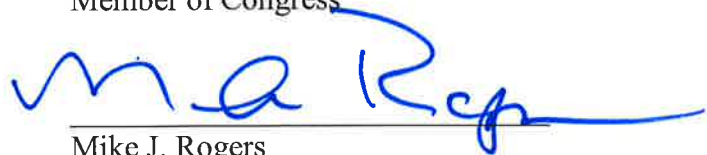
Blake Farenthold
Member of Congress



Tom Cole
Member of Congress



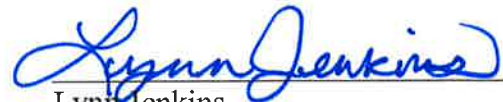
Mike Fitzpatrick
Member of Congress



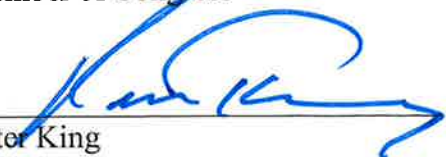
Mike J. Rogers
Member of Congress



Mike Quigley
Member of Congress



Lynn Jenkins
Member of Congress



Peter King
Member of Congress

Gene Green
Member of Congress

Doug Lamborn
Member of Congress

Terri Sewell
Member of Congress

Robert Pittenger
Member of Congress

Reid Ribble
Member of Congress

Marlin Stutzman
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Mike Kelly
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Gary Peters
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James Lankford
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Gwen Moore
Member of Congress

Steve Pearce
Member of Congress

Lee Terry
Member of Congress

Jeffrey Fortenberry
Member of Congress

Bradley Byrne
Member of Congress

Kevin Yoder
Member of Congress

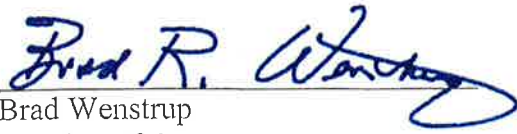
Patrick Tiberi
Member of Congress

Joyce Beatty
Member of Congress

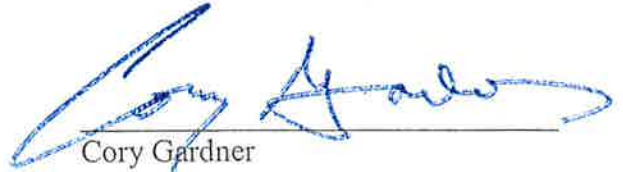
André Carson
Member of Congress

Pete Olson
Member of Congress

Ron Kind
Member of Congress



Brad Wenstrup
Member of Congress



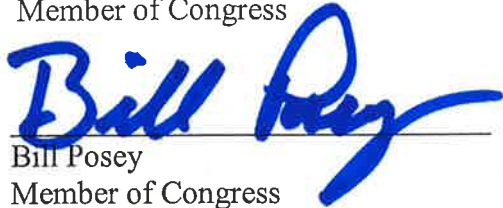
Cory Gardner
Member of Congress



Dan Kildee
Member of Congress



Dennis Ross
Member of Congress



Bill Posey
Member of Congress



Gerald Connolly
Member of Congress