

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

May 25, 2011

Mr. Edward DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street NW
4th Floor
Washington, DC 20552

Dear Acting Director DeMarco:

I have concerns about the Federal Housing Finance Agency's (FHFA) Advanced Notice of Proposed Rulemaking (ANPR) on Members of Federal Home Loan Banks (RIN 2590-AA39), and request that the FHFA withdraw it. Because the existing regulations seem to me to be functioning properly, I do not see a reason to change them now. As the FHFA notes in the ANPR, it does not have any evidence that significant numbers of members that were required to hold 10 percent of their total assets in residential mortgage loans in order to join the Federal Home Loan Bank (FHLB) system have substantially reduced these holdings after becoming members. I also do not see a reason to extend the 10 percent membership requirements to Community Development Financial Institutions and insurance companies. The FHLB system plays an important role in helping to provide liquidity in the financial system, and I believe that changes to the membership requirements could have the unintended consequence of disrupting the stability of the FHLB system while our economy is still struggling.


BARNEY FRANK
Ranking Member