

**Federal
Home Loan
Bank
OF INDIANAPOLIS**

March 28, 2001

Ms. Elaine L. Baker
Secretary to the Board
Federal Housing Finance Board
1777 F Street, NW,
Washington, DC 20006

RE: Comment on the petition of the Federal Home Loan Bank of Dallas with respect to Washington Mutual Bank, F.A.

Dear Ms. Baker:

The Federal Home Loan Bank of Indianapolis ("FHLB Indianapolis"), after review of the matter with its Board of Directors at their recent board meeting on March 16, 2001, hereby submits a letter in opposition to the petition of the Federal Home Loan Bank of Dallas ("FHLB Dallas") with respect to the Washington Mutual Bank, F.A. membership application. Our position is based upon the clear language of the Federal Home Loan Bank Act (the "Act") and the regulations that the Finance Board has promulgated thereunder. Specifically, Section 4(b) of the Act (12 U.S.C. §1424(b)) provides that:

An institution eligible to become a member under this section may become a member only of, or secure advances from, the Federal Home Loan Bank of the district in which is located the institution's principal place of business, or of the Bank of a district adjoining such district, if demanded by convenience and then only with the approval of the Board (emphasis added).

Clearly the statute means that the FHLB membership is MI in the district where the member's principal place of business is located or the adjoining district if it is more convenient, but not both. Further, the Finance Board's own membership regulations at 12 C.F.R. § 925.24, on consolidation of members, expressly provides for the termination of membership of all but the surviving member, where members are consolidated

Ms. Elaine Baker
March 28, 2001
Page 2

across district lines. These termination of membership provisions are automatic and do not provide any room for a member to argue that it should be permitted to keep membership in a district bank in which it no longer has a chartered institution.

Any changes to the single district membership rule will require legislative action, as well as new rule-making, which would address all of the long-term implications of multi-district bank membership. Such changes should be thoroughly analyzed and discussed on a system-wide basis and not implemented based upon individual petitions.

Sincerely,

Martin L. Heger
President and CEO