

June 10, 2020

Andre D. Galeano
Federal Housing Finance Agency
Division of Federal Home Loan Bank Regulation
400 7th Street, NW, 7th Floor
Washington, DC 20219

RE: Federal Home Loan Bank Membership – Request for Input (February 2020)

Dear Deputy Director Galeano:

The Federal Housing Finance Agency (“FHFA”) has requested comments on its request for input (“RFI”) related to Federal Home Loan Bank (“FHLBank”) membership. The RFI states that it seeks to develop requirements to address questions regarding membership eligibility on a consistent basis, guided by the objectives of 1) ensuring that the FHLBank System (“System”) remains safe and sound and able to provide liquidity for housing finance through the housing and business cycle, and 2) ensuring that all members have an appropriate nexus to the housing finance and community development mission of the FHLBanks.

As a trade association representing approximately 75 institutions in the State of New Jersey, including many that are members of their local Federal Home Loan Bank, we appreciate the opportunity to provide input on this issue.

The true value of Federal Home Loan Bank membership is reliability - FHLBank members know that they will always have access to funding so long as they have eligible assets to back their borrowings. As first responders to the financial services industry, the FHLBanks served as a critical source of liquidity for institutions during the 2008 financial crisis, and they continue to meet that mission today. The COVID-19 pandemic crisis has proven how vital the local lender is to communities across our nation, and the essential value of their work will only continue to grow as the country moves through the crisis and into the recovery period. Local lenders rely on the FHLBank liquidity in all market conditions, and we urge the FHFA to avoid any regulatory policies, in the present or future, that would limit the access of current eligible members to FHLBank advances or other products.

Thomas J. Shara
Chairman
President/CEO
Lakeland Bank
Oak Ridge, NJ

John S. Fitzgerald
First Vice Chairman
President/CEO
Magyar Bank
New Brunswick, NJ

Christopher D. Maher
Second Vice Chairman
Chairman, President & CEO
OceanFirst Bank
Toms River, NJ

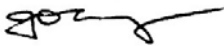
John E. McWeeney, Jr.
President/CEO
New Jersey Bankers Association
Cranford, NJ

In a previous rulemaking on FHLBank membership, the FHFA proposed ongoing requirements for a financial institution to remain a member of a Federal Home Loan Bank. We believed then, and continue to believe now, that an ongoing membership requirement would introduce an element of uncertainty into reliability of the FHLBank System, and would thereby diminish the value of FHLBank membership. Such a requirement would reduce liquidity, tighten credit and reduce available private sector funding for affordable housing and community development. As the nation's lenders work to assist in the economic recovery, the FHFA should not burden them with an ongoing FHLBank membership requirement. Absent express federal legislation, the FHFA should not regulate and establish standards for the members' balance sheet investments. It would be the wrong move at the wrong time.

The RFI also touches on the subject of expanding membership in the FHLBank System to new categories of members. A review of the legislative history and the Congressional commentary surrounding membership in an FHLBank, leads to the conclusion that the determination of who can become members and how they become members is solely a Congressional prerogative. Further, should new categories of members be considered, it is imperative that these new members do not increase the risk profile of the FHLBank System. Any candidates for membership should be prudentially regulated and should have a clear nexus to the housing finance and community development mission of the System.

Thank you for the opportunity to comment on the FHFA's request for input on FHLBank membership.

Sincerely,



John E. McWeeney Jr.,

President and Chief Executive Officer

Thomas J. Shara
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