



October 21, 2022

Federal Housing Finance Agency

400 7<sup>th</sup> Street, SW

Washington, DC 20024

**RE: FHLBNY membership**

Federal Housing Finance Agency:

The FHLB System (“FHLB”), and the FHLBNY, have been an integral part of the community banking environment and a vital support structure for local banks to support the communities within our marketplace for many years. For community banks, they represent a source of liquidity, investments, and potential lending opportunities through their products and services. Additionally, the FHLB programs allow banks, like Orange Bank & Trust (“OBT”), to leverage the strength and expertise of the FHLB system in order to provide community based lending resources for our local customers. The relationship between the FHLB system and its community bank membership fosters a deeper connection between financial institutions and their customers as well as providing stability to the banking industry.

Through the years at Orange Bank & Trust, we have relied on the FHLB system, and the FHLBNY, as a source of short-term liquidity needs through their borrowing facilities and to support our customer relationships. During 2022, we committed to enrolling into the FHLB Homebuyer Dream Program. The following represents a brief summary of the FHLB services used by Orange Bank & Trust:

- **FHLBNY Municipal Letter of Credit (“MULOC”)** - The MULOC represents a low-cost letter of credit product which collateralizes deposit relationships with local municipalities. This product allows us to provide banking services to the local communities and hold their respective deposits while complying with depository rules.
- **Safekeeping Services** – OBT holds certain investments with the FHLBNY as safekeeping agent. Typically, these securities are pledged, or collateralized, and provides the bank with separate recordkeeping and reporting to government agencies and other entities which require segregated investment collateral.

- **Overnight Line of Credit (“OLOC”) and Borrowing Facilities** - The FHLBNY serves as a contingency funding source for the bank and has provided short-term borrowing during our history to meet liquidity demands. Currently, we have the ability to borrow either, short-term, or extended term, up to \$500 million. This contingency source ensures that the bank would be able to meet a liquidity crisis and maintain the confidence of our customers as well as the strength of the bank during a critical time, if it required.
- **Wire Services** - Throughout our history, we have also used the FHLBNY’s wire services to transmit funds for customers and support their personal, or business, needs ensuring that payment transfers are made safely and securely.
- **Homebuyer Dream Program (“HDP”)** - A recent commitment by OBT to enroll in this FHLB program within the FHFA guidelines which provides funds in the form of a grant to be used towards down payment and closing cost assistance to qualified first-time homebuyers. This program will create home ownership within our communities, increase our lending activities, qualifies for CRA credit, and enhances our public relations within our marketplace.

Orange Bank & Trust has developed and relied upon a relationship with the FHLB system, and the FHLBNY, which supports and is woven into our focus of commitment to the markets served by our bank. The specific services identified previously describe examples of the strength, stability, and resources provided by the FHLB and the connection between the banking system, the FHLB, and the communities served by local financial institutions. We anticipate that the FHLB system will always be a reliable source for liquidity and asset-liability management, community lending activities, low cost funding for housing, and additional support for the families, businesses, and individuals which we serve.

Sincerely,



Michael J. Gilfeather

*President & CEO*