



October 7, 2022

Federal Housing Finance Agency
400 7th Street SW
Washington DC 20024

RE: Federal Home Loan Bank System Review

Dear Sirs:

On behalf of Watertown Savings Bank in Watertown, NY, I am writing today to express our complete support of the FHLB system and specifically the FHLBNY with whom we have shared a relationship for many years.

Watertown Savings Bank is a 129-year-old Mutual Savings Bank located in northern New York State near the Canadian border. We are proud to be a partner with the FHLBNY and without them I can unequivocally state that we would not be able to serve our community the way we do.

We use the FHLBNY in many ways that impact our customers and our community:

- They provide our working capital line of credit that ensures we have the liquidity needed to fund our operations through all business cycles.
- They buy our fixed rate mortgages through their MAP program so that we can meet the housing needs of our community and customers by giving them the protection a fixed rate mortgage provides, yet at the same time without saddling the bank with undue interest rate risk that allows us to remain a safe and sound banking institution for the benefit of our community.
- They provide grant funds for our very successful First Time Home Buyers program which has now helped many young families in our area realize the dream of home ownership much sooner than would otherwise be possible.
- They provided \$200,000 in Small Business Recovery Grants to our community during COVID that we in turn directed to over 20 local Not for Profit Agencies that were negatively impacted during the pandemic. These funds allowed the various Not for Profits Agencies to continue their much-needed services in our area.

- They have recently provided our bank with a \$200,000 allocation of 0% Business Development Advances that we can use to help our small business customers obtain preferential financing for projects in our area – especially important in this rising interest rate environment.
- They provide the safe keeping for all our investments.
- Finally, the FHLBNY provides us with access to Municipal Letters of Credit so that we can accept and properly collateralize the depository accounts of our local Municipalities.

Watertown Savings Bank has a strong and storied history of financial performance and community support in our area. However, without our relationship with the FHLBNY the story would not be the same. Even though we are a relatively small bank in the far reaches of New York State, you can see from the examples above that the FHLBNY impacts us and our customers in many areas – from liquidity which is the backbone of banking, to housing, to community support, to economic development, to investment control, to municipal banking – our partner, the FHLBNY, is very important to our operations and accordingly to our community.

I would urge anyone reviewing the FHLB System to consider these examples and what it means to a community bank like ours. I would also be happy to discuss this topic at any time. Simply stated, the FHLBNY is a valued and trusted partner with Watertown Savings Bank and anything that negatively impacts them, would in turn negatively impacts us, and that would be a shame to both.

Thank you for your time and consideration.

Sincerely,



Mark R. Lavarney
President & CEO