Federal Home Loan Bank of New York

April 23, 2009

Alfred M. Pollard, General Counsel and
Christopher T. Curtis, Senior Deputy
General Counsel and Managing Counsel
Federal Housing Finance Agency
1700 G Street, N.W.
Washington DC 20552
Attention: Comments/Securitization Study

Re: Notice of Concept Release - FHFA Study of Securitization of Acquired Member Assets

Dear Messrs. Pollard and Curtis:

On behalf of the Board of Directors of the Federal Home Loan Bank of New York ("FHLBNY" or "Bank"), I am pleased to provide this comment letter regarding the Federal Housing Finance Agency's ("FHFA" or "Finance Agency") 'Notice of Concept Release - FHFA Study of Securitization of Acquired Member Assets' published in the Federal Register on February 27, 2009.

In the Concept Release, the FHFA posed various questions to the public and indicated that it was seeking responses that could assist the FHFA in the conduct of their study of the securitization of home mortgage loans purchased or to be purchased from FHLBank System member financial institutions under Acquired Member Assets ("AMA") programs.

The FHLBNY's Board does not support granting the FHLBanks general powers to securitize mortgage loans. We have significant concerns about the FHLBanks obtaining such powers. We are uncertain about the ability of the FHLBanks to compete successfully with Fannie Mae and Freddie Mac in the securitization of mortgages. It is also not clear why the FHLBanks would want to do so, especially in light of Fannie and Freddie's current status as entities that are in conservatorship and being used as instruments of public policy to support the housing and mortgage markets. It seems extremely ill-conceived to attempt to foster GSE competition for mortgage securitization while the future status of Fannie and Freddie is uncertain and weighty public policy issues are unclear and unresolved. The Board's concerns also include: the future and form of the conforming secondary mortgage market; the ability of the FHLBanks to manage the risks of a securitization program over time in such an uncertain market; the economic feasibility of such a program for the FHLBanks; and, perhaps most importantly, the impact on the joint and several obligations of the FHLBanks and on the cooperative structure of the FHLBank System.

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With regard to the last point above, we believe that promoting the securitization of AMA product will require that the FHLBanks provide a guarantee behind the securitized product. This guarantee will likely be in the form of an FHLBank System guarantee, rather than an individual FHLBank guarantee. Such guarantee will increase the joint and several obligation risks for each FHLBank and their respective shareholders. As such, the FHLBNY's Board believes that any decision by the FHFA to authorize the line of business described in the Concept Release should require unanimous consent and support by each of the twelve FHLBanks.

Despite the foregoing comments, the FHLBNY might support a very limited use of securitization to shed already purchased AMA loans if that would help relieve capital pressures on, or resolve interest rate risk management issues affecting, specific FHLBanks. However, that being said, the Bank is not certain that a limited use of securitization would offer a better solution than alternative actions to enhance capital ratios or improve risk positions. For example, if a viable mortgage trading platform could be created, members and FHLBanks might benefit from the creation of an outlet for buying and selling mortgage exposure. In any case, the Bank will not support even a limited program of securitization if that would increase the risk exposure of the Home Loan Bank System or the potential liability of the Bank through the joint and several obligation.

Thank you for consideration of these comments and observations.

Very truly yours,

Michael Horn
Chair of the Board of Directors of the
Federal Home Loan Bank of New York