

Brookline Bancorp, Inc.

October 16, 2014

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency - Fourth Floor
1700 G Street, NW
Washington, D.C. 20552

Re: Federal Home Loan Bank membership requirements (RIN 2590-AA39)

Dear Mr. Pollard:

We appreciate the opportunity to submit this comment on the proposed rule regarding Federal Home Loan Bank (FHLB) membership requirements.

As a community bank serving the New England market we are always interested in opportunities to strengthen the safety and soundness of the banking industry while also improving the overall financial and regulatory infrastructure to ensure banking institutions can continue to competitively serve their customers. The proposed FHLB membership requirements seem to focus on a required minimum asset composition for members which does not solve or address a specific problem and could cause some current FHLB members to lose membership and curtail new membership.

FHLB membership should not be contingent on what types of assets the bank chooses to hold on its balance sheet. The Federal Home Loan Banks have demonstrated sound underwriting and have been very effective in supporting New England lending and balance sheet management over many years and through many business cycles. Changes that may cause a decline in FHLB membership would certainly negatively impact the reliability and economics of the liquidity the FHLB system provides.

Brookline Bancorp serves over 48 communities in Massachusetts and Rhode Island through three bank subsidiaries: Brookline Bank, Bank Rhode Island and First Ipswich Bank. On a consolidated basis as of June 30, 2014, we borrowed more than \$1 billion on a fully collateralized basis. The collective borrowing of over 440 members provides the reliable source of liquidity at term structures and rates that would simply not be available to a community bank without the FHLB system. Not only does it provide an efficient means of managing funding requirements, but also the ability to effectively manage the overall interest rate risk profile of the organization through various term structures and products. Liquidity generally was not a concern for community banks during the most recent financial crises; however the fact that the FHLB was available and “open for business” certainly provided a level of stability. The FHLB

enabled strong community banks with quality collateral to continue to support creditworthy businesses and individuals throughout the crisis. Stricter requirements will likely have unintended consequences on our ability to borrow in a future financial crisis.

Reliable access to a strong and vibrant Federal Home Loan Bank of Boston is very important to our financial institution. The proposed rule has the very likely potential to negatively impact membership, increase regulatory costs, increase bank funding costs and thus hurt a slowly improving economy. The economic and social benefits of the proposed rule are not well defined and certainly do not warrant the risk this rule presents.

For these reasons, we request that the proposed rule be withdrawn. Thank you for the opportunity to submit a comment.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carl M. Carlson', with a long horizontal flourish extending to the right.

Carl M. Carlson
Chief Financial Officer and Treasurer
Brookline Bancorp