

# Members *PLUS*

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*Together We Make Things Happen...*

October 29, 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: Notice of Proposed Rulemaking and Request for Comments – Members of Federal Home Loan Banks (RIN 2590-AA39)

Dear Mr. Pollard:

The Federal Housing Finance Agency has requested comments on a notice of proposed rulemaking on Federal Home Loan Bank membership requirements. We appreciate the opportunity to submit this comment on the proposed rule.

The proposed rule would require all credit unions to hold 10 percent of assets in residential mortgage loans on an ongoing basis to remain a member of the FHLBank. This raises the threat that a credit union will lose FHLBank membership and critical access to liquidity should market conditions change and the asset management strategy of a credit union change.

As proposed by the FHFA, ongoing compliance with membership requirements would impose additional regulatory burdens on credit unions and add an element of uncertainty to FHLBank membership.

The FHLBank's cooperative structure works because it is dependent on a diverse membership. Limiting that membership with the changes proposed in the rule would weaken that structure which will affect the ability of the FHLB Boston to reliably and safely serve its membership.

FHLB Boston provides credit unions with an array of products and services, and serves as a critical source of liquidity. The proposed rule would cause credit unions and other FHLBank members (existing and potential) as a far less reliable funding partner due to resulting volatility in its membership.

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Adams Village Branch: 494 Gallivan Boulevard \* Dorchester, MA 02124 \* Phone: 617-265-6967 \* Fax: 617-436-3245  
Mass Ave. Branch: 1165 Massachusetts Avenue \* Dorchester, MA 02125 \* Phone: 617-427-2010 \* Fax: 617-541-2950  
Plymouth Branch: 600 Rocky Hill Road \* Plymouth, MA 02360 \* Phone: 508-830-8889 \* Fax: 508-830-8881  
Norwood Branch: 111 Lenox Street, Unit 101 \* Norwood, MA 02062 \* Phone: 781-702-5969 \* Fax: 781-702-5979

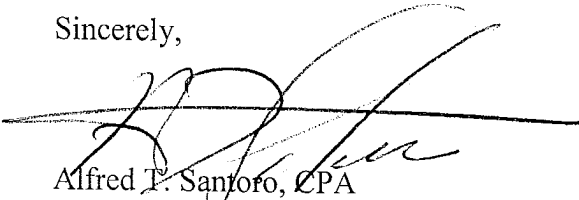
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Additionally, the FHLB Banks are an important source of funding for low- and moderate-income housing in the country. The Affordable Housing Program (AHP) is funded by 10 percent of each FHLBank's net profits annually. The adverse impact the proposed rule would have on the FHLB Boston's ability to grow and even maintain existing levels of advances would directly lead to reduced funding of the AHP, and in turn, fewer safe, decent and affordable housing options in New England.

In conclusion, I wish to reemphasize how important reliable access to FHLB Boston is to our credit union. The FHLBank business model has been a success for more than 80 years and must stay strong and stable so that the financial recovery can continue.

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 'Alfred T. Santoro', is written over a horizontal line. The signature is fluid and cursive.

Alfred T. Santoro, CPA  
President and Chief executive Officer