



December 12, 2014

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency
400 Seventh Street SW, Eighth Floor
Washington, DC 20024

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

Dear Mr. Pollard:

Thank you for the opportunity to submit comments on the notice of proposed rulemaking (“NPR”) in which the Federal Housing Finance Agency (“FHFA”) has expressed its desire to revise its regulations governing Federal Home Loan Bank membership. The Independent Bankers Association of New York State (IBANYS) represents community banks and thrifts throughout New York State. Our members are also members of the Federal Home Loan Bank of New York (FHLBNY).

This proposal has the potential to significantly impact their business. We are concerned the proposed regulation threatens the strength and the value of the partnership between the Federal Home Loan Banks and their members – in this case, our constituency: New York’s community banks. The true value of Federal Home Loan Bank membership is reliability. Members know they will always have access to funding, provided they have eligible assets to back their borrowings. This was true during the financial crisis, when the 12 Federal Home Loan Banks were a critical source of liquidity for the nation’s financial institutions. It is true today, as our economy continues to slowly recover and local lenders need access to the global markets to procure the funding their communities need. In fact, it has been true in every economic cycle for more than 80 years. The Federal Home Loan Banks have repeatedly proven themselves to be a reliable funding partner for their members.

By creating ongoing requirements for financial institutions to remain members of a Federal Home Loan Bank, the NPR introduces an element of uncertainty into this reliability, diminishing the value of Federal Home Loan Bank membership. Further, this proposed rule would reduce liquidity, tighten credit and reduce available private sector funding for affordable housing and community development. At the end of the third quarter of 2014, the FHLBNY had \$99.5 billion in advances out to its members. Every dollar of is vital to the communities they serve. Just as our communities rely on local community banks to meet their needs, those banks rely on the FHLBNY to be there for them when needed. This reliability must not be jeopardized.

For these reasons, I respectfully request the NPR be withdrawn, or, at the very least, that subsequent membership asset holding tests be eliminated from the rule.

Sincerely,
John J. Witkowski
President & Chief Executive Officer