

December 29, 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:

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 purpose of the proposal is perplexing. How will the system be stronger? What will happen to the level of affordable housing projects support by the Federal Home Loan Banks? Is there something wrong with the current system that could be corrected in a better, more thoughtful manner?

The proposal by the FHFA will impose additional regulatory burdens on FHLB members in regards to membership requirements. The philosophy of managing our balance sheets to ensure we have assets to qualify for FHLB funding products is in potential conflict with the safety and soundness philosophy of being flexible and prepared for multiple scenarios related to rising or falling rates. The proposal seems to dictate whether intentional or unintentional, a bank's asset allocation.

The Federal Home Loan Bank is a key source of liquidity for us at Docket #1456. If this proposal shrinks membership which I believe is one of your desired outcomes, I believe the system will be less liquid and my institution will be hurt.

My region, Cape Cod and Southeastern Massachusetts, has identified the need for affordable housing. I believe the proposal as authored will substantially shrink the profits of the FHLB systems. Since the Affordable Housing Program of the individuals FHLB's are funded by 10 percent of their profits, an important source of funding for low- and moderate-income housing will be significantly reduced. Somehow that does not make sense.

I think the FHFA needs to rethink what they have proposed. I suspect the unintended consequences seriously outweigh the intended consequences. I request the proposed rule be withdrawn and the issues be rethought.

Thank you for allowing me to voice my perspective.

Sincerely yours,

Joel G. Crowell
President