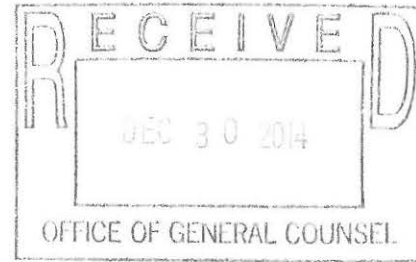




December 22, 2014

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. As a member of the Federal Home Loan Bank of New York (“FHLBNY”), I feel that this proposal has the potential to significantly impact our business in a negative way, and is completely unnecessary.

I agree with Federal Home Loan Bank that the true value of membership is reliability – and we define reliability as knowing that we will always have access to funding, so long as we have eligible assets to back our 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, and it remains true today. The Federal Home Loan Banks have repeatedly proven themselves to be a reliable funding partner for their members.

However, the NPR – in creating ongoing requirements for a financial institution to remain a member of a Federal Home Loan Bank – introduces an element of uncertainty into this reliability, thereby diminishing the value of Federal Home Loan Bank membership, and jeopardizing the banks that rely on it. Further, this proposed rule would reduce liquidity, tighten credit and reduce available private sector funding for affordable housing and community development, with no positive benefit that I can see.

More to the point with Spring Bank personally, our ALCO and Board recently reviewed stress tests requested by regulators in our most recent Safety & Soundness Examination, which involved significant negative impacts to earnings and capital, along with inability to rely on traditional funding sources. The recovery of the Bank to profitability relied heavily on funding from the FHLB, which is anyway collateralized, and not a risk for the FHLB. This reliability cannot be jeopardized.

Accordingly, I respectfully request that the NPR be withdrawn, or, at the very least, that subsequent membership asset holding tests be eliminated from the rule.

Sincerely,

A handwritten signature in cursive script that reads "Eric Pallas".

Eric Pallas
President