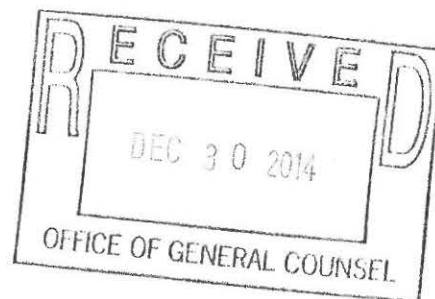




Nicholas M. Christ  
President & Chief Executive Officer

December 23, 2014



Mr. Alfred M. Pollard, General Counsel  
Attention: Comments/RIN 2590-AA39  
Federal Housing Finance Agency  
400 Seventh Street SW., Eight 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:

BayCoast Bank appreciates the opportunity to submit comments on the Federal Housing Finance Agency (FHFA) proposed changes to the membership requirements for the Federal Home Loan Bank (FHLB). BayCoast Bank (the “Bank”) is a Massachusetts chartered bank that serves the financial needs of the Greater Fall River and New Bedford communities in Southeastern Massachusetts. As of September 30, 2014, the Bank had total assets of \$1.06 billion, FHLB Advances of \$103 million and FHLB stock of \$6.6 million.

We question the need for the proposed changes. New England has a strong and viable financial institution base and the FHLB of Boston has been supporting the region and been extremely successful for more than 80 Years. We are not aware of any credit losses or any safety and soundness issues that the FHLB has experienced associated with doing business with its members.

The proposed changes also add additional regulatory burden and are not necessary considering the current method employed by the FHLB. A FHLB member may only borrow from the FHLB if they have eligible collateral to pledge. If a member does not make sufficient mission related loans, or hold sufficient mission related assets, it will not have the collateral to pledge and will not be allowed to borrow. There is no need for additional on-going asset tracking, which will add additional costs which will undoubtedly be passed along to the members’ mortgage customers, because the current method already ensures that the FHLB and its members remain focused on mission related lending. Now is not the time to impose unnecessary hurdles and higher costs on mortgage and housing related lending.

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The FHLB has provided liquidity to its members and was critical during the nation's recent financial crisis. The FHLB has always been a critical source of liquidity for us, and they were even more critical during the financial crisis as funding became more difficult from other funding sources. The proposed membership changes could have had serious consequences had they been in effect during the financial crisis and exacerbated the situation.

BayCoast Bank is just one of more than 440 members of the FHLB of Boston. As of June 30, 2014, the members of FHLB of Boston have collectively borrowed more than \$30 billion in advances and own more than \$3 billion in capital stock. These numbers would certainly decline with the loss of members that fail to meet the proposed membership requirements. Uncertainty over continued membership eligibility also harms the FHLB. As members become ineligible, their stock in the FHLB must be redeemed, destabilizing the capital of the FHLB. This would result in less economic activity in New England and other FHLB members' ability to assist in the economic recovery.

In the past, Congress has taken action to amend the Federal Home Loan Bank Act in ways that expanded membership and expanded eligible collateral. These changes recognized the FHLB's role in providing a reliable source of liquidity for their members in support of housing finance and community lending.

For these reasons, I request that the Proposed Rule be withdrawn.

Thank you for the opportunity to submit my comments on this important issue. If you have any questions, please feel free to contact me at 508-678-7641 or email me at [nchrist@baycoastbank.com](mailto:nchrist@baycoastbank.com).

Sincerely,

