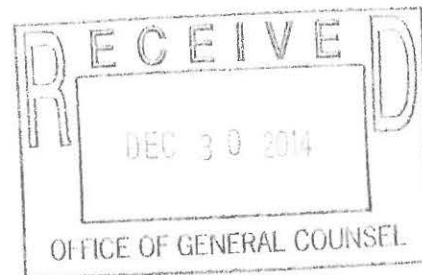


FIRST HOPE BANK

World-class service, close to home



December 23, 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 (“FHLB NY”), this proposal has the potential to significantly impact our business. The proposed regulation threatens both the strength and the value of the partnership between the Federal Home Loan Bank and First Hope Bank.

First Hope Bank (“First Hope”) is a community bank headquartered in Hope, New Jersey. We have served Northwestern New Jersey since 1912, growing to total assets of approximately \$470 million. We provide a variety of deposit, loan, and investment products to our communities through our six branches and Internet presence. These include various mortgage and home equity loans or lines of credit throughout Northwestern New Jersey and a sizable portion of mortgage-backed securities and collateralized mortgage obligations.

The FHLB NY is a crucial part of our management of liquidity. Should we need to borrow, they are our first and foremost source of financing. They provide our largest line of credit. They are the organization we reach out to first when we need to borrow. In managing the liquidity of First Hope, I monitor the flow of deposits and generation of loans. This line of credit allows me to maintain less cash in liquid form and invest more in our communities, through loans and investments. Without such a line, it is doubtful First Hope would be able to maintain similar lines with other institutions. This would force a tightening of credit in our community, as First Hope would be forced to maintain more cash in liquid form. Even if First Hope were not directly impacted by the NPR, regulators will implement tighter liquidity requirements on community institutions due to the potential uncertainty of any credit lines from the FHLB under this new rule. This will then reduce community-based lending, as banks try to improve liquidity.

In addition to the concerns over reduced liquidity from this NPR, the rule also adds unnecessary costs to the system. Under the current system, lines of credit can only be drawn from with the

pledging of qualified assets. This is an efficient means, for the FHLB and First Hope, of furthering the mission of increasing community lending. The NPR would institute a reporting system that would need to be monitored by both parties. This adds unnecessary costs to First Hope, and will have a dampening effect on lending as more resources are placed toward regulation supervision, instead of lending.

I urge you to reconsider this NPR. It is an unnecessary piece of regulation that does not further the FHLB system's mandate, but only adds costs to the system.

Sincerely,



Lewis R Beatty
Chief Financial Officer
First Hope Bank

Cc: Wayne Abernathy, American Bankers Association
Maureen Kalena, Federal Home Loan Bank of New York
John E McWeeney, Jr., New Jersey Bankers Association