



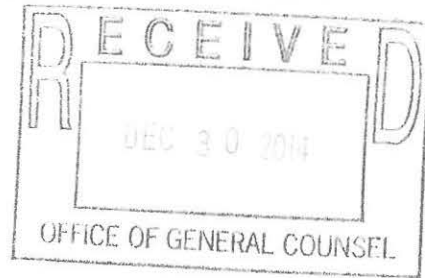
Mechanics

COOPERATIVE BANK

Your life. Your neighborhood. Your bank.

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:

The Federal Housing Finance Agency has requested comments on a notice of proposed rulemaking on Federal Home Loan Bank membership requirements. As the president and chief executive officer of Mechanics Cooperative Bank in Taunton, Massachusetts and as a stakeholder in the FHLB Boston, I appreciate the opportunity to submit this comment on the proposed rule.

As proposed by the FHFA, ongoing compliance with membership requirements would impose additional regulatory burdens on FHLBank members and add an element of uncertainty to FHLBank membership. Members would be required to manage their balance sheets to make certain they have ample assets to meet the proposed membership requirements to ensure access to FHLBank funding products. In short, the proposal would effectively mandate a member's asset allocation.

I wish to emphasize how important reliable access to FHLB Boston is to all of its financial institution members. Mechanics Cooperative Bank had more than \$20 million in advances outstanding as of September 30. The proposed rule would cause us great concern about the long term reliability of FHLB advances. This would be a risk to our bank since we rely on the FHLB Boston to help us manage interest-rate risk and provide just-in-time liquidity access.

In addition to supplying products to meet its members' liquidity needs, the FHLBanks are an important source of funding for low- and moderate-income housing in the country. The Affordable Housing Program is funded by 10 percent of each FHLBank's net profits annually. The adverse impact the proposed rule would have on the FHLB Boston's ability to grow and even maintain existing levels of advances would directly lead to reduced funding of the AHP, and in turn, fewer safe, decent and affordable housing options for Massachusetts communities.

This business model has been a success for more than 80 years and must stay strong and stable so that the financial recovery can continue. For these reasons, I request that the proposed rule be withdrawn. Thank you for the opportunity to submit a comment.

Sincerely,

Joseph T. Baptista Jr.
President and CEO

