



January 8, 2015

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.

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.

As for Sugar River Bank, we are well-positioned at this time to meet the requirements for the proposed ongoing membership changes. However, the FHLBank's cooperative structure works because it is dependent on a diverse membership. Limiting that membership with the changes proposed in the rule would weaken that structure which will affect the ability of the Boston bank to reliably and safely serve its membership. Further, the FHLBanks would be viewed by existing and potential members as a far less reliable funding partner due to resulting volatility in its membership.

In addition to supplying products to meet our 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. FHLB Boston members have been awarded more than \$422 million in total subsidies and subsidized advances to create or preserve more than 25,000 affordable rental and ownership units in New England. The adverse impact the proposed rule would have on the Boston bank'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 our communities.

Finally, I wish to emphasize how important reliable access to FHLB Boston is to our financial institution. The FHLBank 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, we request that the proposed rule be withdrawn. Thank you for the opportunity to submit a comment.

Sincerely,

Steven A. Thibodeau
SVP / CFO / COO
Sugar River Bank

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