



January 8, 2015

*Michael O. Gilles
EVP & CFO*

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.

Ongoing compliance with the proposed membership requirements would add regulatory burdens on FHLBank members and an element of uncertainty to FHLBank membership. Members would be required to manage their balance sheets to meet the membership requirements and ensure access to FHLBank funding. The proposal would, in effect, mandate a member's asset allocation.

While Cambridge Savings Bank is well-positioned to meet the proposed requirements, the FHLBank's cooperative structure works because it is dependent on a diverse membership. Limiting that membership would weaken that structure and affect the ability of FHLB Boston to reliably and safely serve its membership. The FHLBanks would be viewed by prospective and current members as a far less reliable funding partner because of 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. 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 proposed rule would impact FHLB Boston's ability to grow and even maintain existing levels of advances, thereby leading to reduced funding of the AHP and fewer safe, decent, affordable housing options throughout New England.

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 For these reasons, we request that the proposed rule be withdrawn.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,

A handwritten signature in blue ink, appearing to read 'Michael Gilles', written over a light blue horizontal line.

Michael Gilles, EVP & CFO