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Alfred M. Pollard, Esq., General Counsel
Attention: Comments/RIN 2590-AA37
Federal Housing Finance Agency
400 7th Street, S.W. Eighth Floor
Washington, D.C. 20024

Re: Notice of Proposed Rulemaking – Members of the Federal Home Loan Banks

Dear Mr. Pollard:

People's United Bank appreciates this opportunity to comment on the Federal Housing Finance Agency's ("FHFA's") proposed rule, which would impose new restrictions on membership in the Federal Home Loan Bank (the "FHLB") System. People's United is a $34 billion bank headquartered in Bridgeport Connecticut, with offices located throughout New England and southern New York.

As a long-term member of the FHLB of Boston, People's United is keenly aware of the important role played by the FHLB System in providing liquidity for community banks. The FHLB's Affordable Housing Program ("AHP"), which is funded by profits from the FHLBs, has been a critical source of private funding for low- and moderate-income housing, awarding more than $5 billion in grants through its participating members over the last 25 years and creating nearly a million units of affordable housing.

We recognize the FHFA's concern with ensuring that the FHLBs continue to fulfill the mission for which they were established more than 80 years ago. However, we are concerned that the proposed rule, which would bar some current members from participation in the System and restrict entry of new participants, would jeopardize the FHLB System's role both as a provider of bank liquidity and as a private funding source for affordable housing.

Moreover, the proposed membership requirements are inconsistent with the plain language of the Federal Home Loan Bank Act, which already specifies what is required for membership in the System. The FHFA should not impose through regulation requirements that contradict existing law. If changes to membership standards are needed, Congress should approve them.

By restricting new entrants into the System and requiring some current members to redeem their stock, the proposal could have a destabilizing effect on the capital levels of the FHLBs and thus limit their ability to serve as a source of liquidity to community banks. The increased compliance burden associated with the requirement to maintain ongoing asset and eligibility tracking activities would not only negatively impact the profitability of the System, it would also discourage eligible entities from joining the System or from maintaining membership, thus leading to further destabilization. The result is fewer funds available for AHP awards and higher borrowing costs for remaining members, costs that ultimately must be passed on to borrowers.

We urge the FHFA to consider the serious consequences that could result from implementation of this proposal and to evaluate whether there are other less onerous ways to ensure that the mission of the FHLBs is fulfilled. Thank you for the opportunity to comment on this important matter.

Very truly yours,

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Chief Financial Officer