



A Subsidiary of Norwood Financial Corp.

717 Main Street, P.O. Box 269, Honesdale, Pennsylvania 18431
570-253-8505 · FAX: 570-253-2732 · www.waynebank.com
Email: william.lance@waynebank.com

William S. Lance
Executive Vice President
Chief Financial Officer
Secretary

January 5, 2015

Alfred M. Pollard, Esq., General Counsel
Attention: Comments/RIN 2590-AA37
Federal Housing Finance Agency, Fourth Floor
400 Seventh Street, S.W.
Washington, DC 20024

Re: Notice of Proposed Rulemaking and Request for Comments – Members of Federal Home Loan Banks (RIN 2590-AA39)

Dear Mr. Pollard:

On behalf of Wayne Bank, Honesdale, PA, I am writing to express my concerns about the above referenced notice of proposed rulemaking. While we appreciate your apparent desire to provide for a strong Federal Home Loan Bank ("FHLBank") System that supports housing, we believe the rule undermines the goal of the proposal.

On one hand, this proposed regulation would circumvent the will of the Congress to exempt small institutions from a 10 percent asset test. It would subject institutions that are now below \$1.1 billion in assets to an ongoing 10 percent asset test should their assets grow beyond \$1.1 billion. Ideally an FHLBank member can manage its portfolio as it manages interest rate risk, market risks and the other attendant risks.

Secondly, by reducing flexibility for FHLBank members to manage our balance sheets (which is not directed at any FHLBank safety and soundness concerns), this rule may present new safety and soundness challenges to my institution.

Additionally, it seems this rule has the potential to restrict access to liquidity at the exact point in time when more, not less, liquidity is needed in a recovering market. While many depository institutions are flush with deposits at the current time, most observers believe that this may change when interest rates inevitably rise.

Based on our belief that the proposals could harm FHLBank members and generally weaken a System that has worked well for more than 80 years, we ask that the FHFA reconsider the September 12, 2014 Notice of Proposed Rulemaking.

Respectfully,

A handwritten signature in blue ink, appearing to read "William S. Lance".

William S. Lance
Executive Vice President and Chief Financial Officer