



# Mars National Bank

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January 6, 2015

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

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

Dear Mr. Pollard:

Thank you for providing us the opportunity to comment on the Notice of Proposed Rulemaking (NPR), issued by the Federal Housing Finance Agency (FHFA), as it pertains to Members of the Federal Home Loan Bank system. I am writing to express my concerns about the notice. While we appreciate your desire to provide for a strong FHLB system that supports housing, we believe Congress, not the FHFA, should determine membership requirements. The NPR is far reaching and undermines an important goal of the FHLB system. It is particularly concerning that the FHFA has not provided any statistical, historical or staff analysis to justify the need for the various proposed changes.

Community banks such as ours have historically provided and continue to provide support to the housing market through the origination of single family residential mortgages. Negatively impacting or disrupting this important role would severely impact constituents who count on these products to achieve home ownership and strengthen their communities.

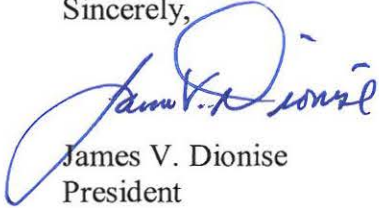
Community banks also depend on having ready access to low-cost funding through collateralized advances from their FHLB. The NPR would have far-reaching effects on the ability of community banks and other FHLB members to continue to access low-cost funding. If this proposed rule is finalized as written, members would need to maintain mortgage loans or eligible mortgage securities, at all times, to comply with the proposed asset thresholds to maintain their membership or face expulsion. It is particularly concerning that the NPR proposes these changes prior to fully considering the full scope of consequences and considering other less drastic alternatives.

We also believe this NPR will diminish the value of FHLB membership, reduce borrowings from the FHLB system and reduce the capacity of the FHLB system to assist members in serving the housing needs of their markets. The federal government should be looking for ways to help our economy, not imposing rules that could restrict the flow of credit to communities across the country.

This NPR addresses a problem that does not exist. There are no safety and soundness concerns or problems at the FHLB system raised by members that may fall below either of the proposed ongoing test levels. However, the proposal would impose new regulatory-type burdens and expense at both the FHLB and member institution.

Based on our belief that the proposal could harm FHLB members and generally weaken a system that has worked in an effective manner for more than 80 years, we ask that the FHFA to withdraw its proposed NPR.

Sincerely,



James V. Dionise  
President  
Chief Executive Officer