October 31, 2011

VIA EMAIL (regs.comments@federalreserve.gov)

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Comment on Docket No. R-1429 and RIN No. 7100 AD 80
Savings and Loan Holding Companies

Dear Ms. Johnson,

As a long-standing director and member of Northeast Community Bancorp, MHC (the "MHC"), and a long-standing director and shareholder of Northeast Community Bancorp, Inc. (the "Company"), I respectfully submit this comment letter regarding Docket No. R-1429 - Interim Final Rule related to Savings and Loan Holding Companies (the "IFR").

The mutual holding company is a corporate structure benefiting shareholders, members and depositors, and is an essential part of a corporate structure for financial institutions. This structure allows a financial institution to remain focused on its regulatory requirements, business plan and its depositors and its community while preserving capital. There is, in fact, no disadvantage to utilizing a mutual holding company structure. The Dodd–Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") recognized the benefits of the mutual holding company structure and was drafted so as to preserve those benefits by retaining the mutual holding company structure and grandfathering existing mutual holding companies. Those who voted on and passed Dodd-Frank expect any subsequent Dodd-Frank regulation will follow the spirit and tenor of Dodd-Frank. The IFR and any other regulations implemented as a result of Dodd-Frank should be consistent with Dodd-Frank.

The IFR, unfortunately, is a dramatic departure from Dodd-Frank with respect to mutual holding companies. The IFR places an undue burden on mutual holding companies and their management through the requirement of a member vote for dividend waivers. As it currently stands, dividend waivers require review and approval by a mutual holding company's board of directors, a process governed by directors' fiduciary duties. The applicable Federal Reserve Bank must also review and approve each dividend waiver to ensure such waiver would not be detrimental to the safe and sound operation of the subsidiary savings association. This additional member vote requirement under the IFR not only costs the mutual holding company precious resources and increases its expenses, but provides no real benefit, tangible or intangible, to a mutual holding company or its members. Instead, the member vote requirement imposes an unnecessary burden.

While I recognize that there may be a perceived conflict of interest as a result of my position as a director of the MHC and shareholder of the Company, there is no actual conflict and there is no potential for any harm to the members of the MHC. All our directors are members of the MHC and shareholders of the Company and are treated no differently than any other MHC member or Company shareholder. A dividend waiver by the MHC is a critical financial mechanism which allows the Company to retain additional capital, increasing its ability to serve as a source of strength for Northeast Community Bank (the "Bank"). Because any dividend paid to the MHC by the Company is generally a taxable event based on the average holding company ownership percentage retained by the MHC, the Company, and indirectly the Bank, would needlessly lose valuable capital to taxes were it forced to pay a dividend to the MHC.

It is worth noting that the dividend payout ratio for publically traded mutual holding companies is, on average, substantially lower than the dividend payout ratio for all publically traded thrifts. Likewise, the dividend yield for publically traded mutual holding companies and all publically traded thrifts was substantially similar at 2.16% and 1.87%, respectively, as of September 16, 2011. Clearly, directors of mutual holding companies consistently meet their fiduciary duties and waive dividends only as a method of ensuring capital preservation and financial stability.

Finally, members of the MHC are also depositors of the Bank. A dividend waiver by the MHC benefits the MHC's members as depositors. I therefore respectfully request that the requirement for member approval of the dividend waiver for MHCs be eliminated from the final rule.

If there are any questions concerning this comment letter or if I can provide any additional information, please feel free to contact me Thank you for your time and attention to this matter.

Very truly yours,

Diane B. Cavanaugh