



October 12, 2022

Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Dear Honorable Sandra L. Thompson,

Recently, your Agency announced plans to make a comprehensive review of the Federal Home Loan Bank System (System). I am writing today in complete support of the Federal Home Loan Bank of Chicago (FHLBC), its role in the FHLB System, and the assistance they provide our financial institution. I am currently President & CEO of the State Bank of Toulon, member #07910.

We are members of the FHLBC where we can have access to its products and services that we need to make loans in rural America in the Midwest. We are located in north central Illinois in farm country and over 60% of our business comes from agriculture and agri-business. Our three locations cover a 15-mile triangle from Toulon to Galva to Kewanee, Illinois. We serve an area with consumers and families with school-age children where the household income is median at best. Therefore, in reference to item #4 of the six talking points in your news release dated August 31, 2022, we serve a “financially vulnerable” set of communities.

Among the FHLBC services that we have been able to participate in are advances for funding. Typically, we periodically need advances for liquidity purposes to make loans to our farm customers. Importantly, as part of the FHLBC’s pledge to put money back into communities across the district, during the COVID-19 pandemic, the FHLBC offered innovative COVID community grants. Our bank was able to give \$5,000 to each of our area school districts for items such as providing meals and supplies, even access to the Internet, to area children who were learning from home and didn’t have the means to do so on their own. That program alone put \$20,000 into our local area communities! Priceless.

We also participate in the MPF Loan program which allows our bank to make loans to families to purchase 1-4 family dwellings. They offer competitive pricing that allows our bank to compete with larger-market banks and mortgage companies and KEEP the money locally. Fixed-rate 1-4 family loans would be virtually impossible for our bank to make if not for the program that FHLBC offers and administers.

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In talking with our board and other fellow community bankers through my now role of chairman of the Community Bankers Association of Illinois (CBAI), we all agree that the FHLB system is a valued tool for BOTH urban and rural America and our community banks. Please don't let misguided detractors influence unwarranted and unnecessary changes. The FHLBC's mission to deliver funding and support its members and their communities is alive and well, it's being fulfilled, and is critical to the stability of the financial system. I urge you to not disrupt how the FHLBC supports the State Bank of Toulon and other community banks statewide!

Thanks for hearing me out and your consideration. I look forward to reading the results of your review.

Sincerely,

/s/

Douglas E. Parrott
President/CEO

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