

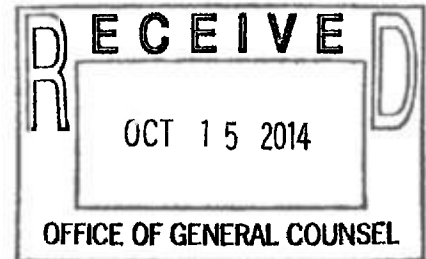


PEOPLES FEDERAL SAVINGS BANK

212 West 7th Street P.O. Box 231 Auburn, IN 46706-0231
Phone (260) 925-2500

October 7, 2014

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency
400 Seventh Street SW, Eighth Floor
Washington, DC 20024
email: RegComments@fhfa.gov



Office of Information and Regulatory Affairs, OMB
Attention: Desk Officer for Federal Housing Finance Agency
Room 10102, New Executive Office Building
725 17th Street NW
Washington, DC 20503
email: OIRA_Submission@omb.eop.gov

Re: Members of Federal Home Loan Banks
Notice of Proposed Rulemaking, RIN 2590-AA39

Dear Mr. Pollard and OMB Desk Officer:

I am writing you today in opposition of the NPR on membership changes. I believe the proposed RIN 2590-AA39 will have an adverse impact to my institution and to the Federal Home Loan Bank of Indianapolis (FHLBI) and to the Federal Home Loan Banks.

I have spent 35 years as a small community banker and have seen many changes and challenges to the banking system and to the FHLB system. Through it all, the FHLBs have continued to be a reliable source for liquidity even in the worst of times, like we saw early in the last recession. My Bank's new regulator (OCC) has finally agreed that FHLBs are a consistent source of funds even during a liquidity crisis. With the new membership proposal the OCC could argue that the FHLBs no longer are reliable because we might someday fail the 1% or 10% membership test even as we continue to make mortgages to sell to others.

I am also concerned about the impact on losing billions of dollars in advances and its detrimental impact on Federal Home Loan Bank earnings. This will severely impact the dividend my institution receives on the FHLBI stock it holds, and also will impact the amount of Affordable Housing Grants the FHLBs issue to institutions for affordable housing nationwide.

I could understand the membership rules change if these institutions presented risk to the system, or were not permitted by legislation, or if they did not support housing but I certainly don't see that; In fact, I believe these institutions support housing, are permitted by legislation, and pose little risk to

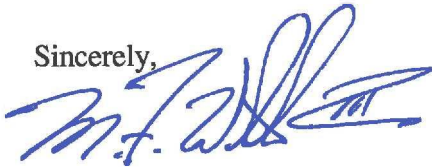


the system. If the underwriting and collateralization in place at one of the FHLBs was not strong, wouldn't that bank have comments to correct the deficiency in the exam report? And, if they were not addressed in a timely manner wouldn't a cease and desist order be issued? I know that the FHLBI has a great record in the underwriting and the collateralization processes involved in lending to insurance companies and to captive insurance companies. Their work giving the Federal Home Loan Bank a priority lean on the collateral in both Indiana and Michigan is an example. I also suspect that the other FHLB's are equally diligent with their underwriting and collateralization.

I also believe that the membership changes are being proposed at exactly wrong time as we are starting to see improvement in our housing and national economy.

In summary I believe these changes are dangerous to Peoples Federal Savings Bank, the Federal Home Loan Bank of Indianapolis, the FHLB system, and the economy. The proposed membership requirement seems to me like it is trying to solve a non-existent problem.

Sincerely,

A handwritten signature in blue ink, appearing to read "M.F. Winkler, III". The signature is stylized and cursive.

Maurice F. Winkler, III
President and CEO
Peoples Federal Savings Bank