November 5, 2014

Alfred M. Pollard, General Counsel

Attention: Comments/RIN 2590-AA39

Federal Housing Finance Agency

400 Seventh Street

Washington, DC 20024

Re: Notice of Proposed Rulemaking and Request for Comments – Members of FHLBanks

(RIN 2590-AA39)

Dear Mr. Pollard;

I am writing to express my concerns about the notice of proposed rulemaking regarding membership eligibility in Federal Home Loan Bank (FHLBanks) put forward by the Federal Housing Finance Agency (FHFA). The proposed rule includes significant and unnecessary changes to long-standing membership rules for the FHLBank system. The proposed changes are inconsistent with Congressional intent and the Federal Home Loan Bank Act (FHLBank Act). For these reasons, the First State Bank of Bigfork vehemently opposes this proposed rule.

My name is Jef Fisher, and I am President/CEO of First State Bank of Bigfork. Our institution provides lending across a broad spectrum, with a focus on the diverse and sometimes unique needs of a small, rural community. With two locations and assets of $66 million, the First State Bank of Bigfork utilizes many of the financial services offered by FHLBank, including the Homeownership Fund. This fund has been crucial in giving lower-income and first time homebuyers a chance to live, work, and become a part of the communities that we serve.

The proposed regulation on FHLB membership creates many concerns for our bank, and I feel that the rule establishes a problematic precedent. There remains a distinct chance that due to prudent management of interest rate risk, economic or regulatory changes, our institution could fail the test. Our bank should be free to manage our balance sheets in light of what’s best for us, not the demands of a regulator. The proposed regulation also conflicts with concerns from financial regulators that some financial institutions reduce holdings of long-term fixed rate mortgages and sell them in the secondary market.

Your agency’s proposed rules could fundamentally change how, or even whether, a depository financial institution such as ours could remain a member of FHLB De Moines, thus posing a major concern. Access to advances is critically important to our bank because FHLBank liquidity allows us to offer competitive rates to our customers that we might not otherwise be able to offer. **This is a major liquidity source for us in times of need.** Additionally, having a borrowing capacity with FHLB Des Moines promotes the safe and sound management of our institution.

Because the proposals would harm FHLBank members and hurt housing, credit, and economic growth, we ask that the FHFA withdraw the new membership rules contained in its September 12, 2014 Notice of Proposed Rulemaking and work with FHLB members to preserve the FHLBs as a reliable partner that benefits local lending institutions, communities, housing, homeownership, and the nation’s economy. The membership requirements being contemplated by FHFA would change long-standing requirements that have worked well, and the proposed rule would ignore the collateral expansions approved by Congress over time. The First State Bank of Bigfork strongly recommends you rescind the proposed rule.

Thank you for taking our comments into consideration.

Sincerely,

Jef Fisher

President/CEO

First State Bank of Bigfork