



November 7, 2014

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency
400 Seventh Street SW
Washington, D.C. 20024

RE: Notice of Proposed Rulemaking and Request for Comments – Members of the 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 Lake Region Bank vehemently opposes this proposed rule.

I am Clark Vollan, President of Lake Region Bank. Our institution provides lending across all of our community with a focus on all of the credit needs in our community. FHLBDM has enabled our bank to assist with funding needs of many projects with our communities. Continued additional burdensome regulations will impact our ability to provide services to our clients. Lake Region Bank, 107 million in assets, was chartered in 1915 and has 52 employees in five locations.

It is also crucial to point out that more than 25 years ago, Congress made it clear that community financial institutions (CFIs) such as my bank may use advances for purposes other than residential housing finance. It remains the intent of Congress today that CFIs may utilize FHLBank liquidity or commercial real estate, small business, agricultural real estate and agricultural operating loans. This fact alone highlights how this proposed rule runs counter to existing federal statute.

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PO Box 450
New London, MN 56273
320 354 2011

PO Box 62
Sunburg, MN 56289
320 366 3885

1690 1st Street South
PO Box 1740
Willmar, MN 56201
320 235 5900

Broadly speaking, the FHLB Des Moines serves as a critical source of liquidity for financial institutions in Iowa, Minnesota, Missouri, North and South Dakota. They have proven to be a reliable and competitive source of liquidity for all of our financing needs in all economic environments. This rule, if adopted, would remove the certainty that the FHLB Des Moines can be counted on to be a reliable source of liquidity in all market conditions.

The on-going mortgage asset test requirements will artificially distort balance sheet management practices, decreasing the flexibility of community banks, credit unions and insurance companies to manage their balance sheets in response to changing market conditions.

You agency's proposed rules could fundamentally change how, or even whether, a depository financial institution such as ours could remain a member of a FHLB Des Moines. This is enormously disturbing. Confidence trust and reliability comprise the bedrock upon which our long-time FHLB membership is built. We need to know that the FHLB Des Moines can provide funding on a moment's notice as it did in the recent financial crisis.

Access to FHLBank advances is important to CFIs like mine in our region. FHLB Des Moines and the 11 other FHLBanks are operating well within the authorities granted them by Congress. 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. Lake Region Bank strongly recommends you rescind the proposed rule. Thanks for taking our comments into consideration.

Sincerely,



Clark Vollan
President
Lake Region Bank