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November 10, 2014

Alfred M. Pollard, General Counsel  
Attention: Comments/RIN 2590-AA39  
Federal Housing Finance Agency  
400 Seventh St. SW, 8<sup>th</sup> Floor  
Washington D.C. 20024

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

Dear Mr. Pollard:

My name is Gary Becker and I am a Senior Vice President at Cedar Rapids Bank and Trust Company (CRBT) in Cedar Rapids, Iowa. We are an \$800 million community bank that provides commercial and retail lending and deposit services to several eastern Iowa communities. I have recently been made aware of some proposed changes to membership criteria for the Federal Home Loan Banks (FHLBs) and I am writing to express my concern about those proposed changes.

The FHLB Des Moines is a key partner of CRBT. It provides us, and community banks like us, invaluable resources in meeting liquidity and interest rate risk protection needs. The proposed change in membership rules has the potential of harming our bank's access to those important resources.

The required minimum level of mortgage loans that must be held on our balance sheets in order to maintain membership at the FHLB seems to be an arbitrary and capricious measurement relative to the products and services that the FHLB provides. The instatement of a rule requiring retention of mortgage loans in our loan portfolio seems to fly in the face of prudent balance sheet management, as affirmed by ongoing discussions with bank regulators who express caution in holding these long-term fixed rate assets. At a minimum, the proposed rules should be amended to include some provision for qualifying for membership based on mortgage loans originated. The fact that we are serving the needs of the market for residential mortgages should be the standard, not the imposition of rules in how we structure our balance sheet. Speaking frankly, I am puzzled as to the perceived need to change rules at all. I have seen little information or discussion that has implied that the existence of the FHLB system and the access to the resources they provide, was anything but a positive during the financial crisis.




I would also like to comment on the provisions that kick in for Community Financial Institutions (CFI). As we continue our success at growing our business and providing those all-important deposit and loan services to Eastern Iowa, CRBT is facing the daunting changes that come with moving out of the CFI category. The proposed changes in allowable collateral and level of residential mortgages required to be held in portfolio are two items that will have significant impact on our bank. Those changes once again seem to be quite arbitrary and based on no real financial facts or reasoning. Given the anticipated consolidation taking place in the industry, these rules will impact more and more financial institutions and it seems prudent to me that those rules be revisited as well.

Because this proposal would potentially impact our ability to remain an FHLB member, and create the real possibility of limiting our ability to serve as the economic engine for promoting housing, business, and economic growth in our communities, I respectfully request that the new membership rules contained in the 9/12/14 Notice of Proposed Rulemaking be withdrawn. The role of the FHLB system in providing much needed liquidity during the 2008 financial crisis cannot be underestimated and any proposed rules that limit institutions ability to remain members and to access the system has potentially far reaching implications when the next crisis knocks on our door.

Thank you for your consideration.

Respectfully yours,



Gary M. Becker  
Senior Vice President

