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November 10, 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:

My name is Todd Steffen and 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 Fidelity Bank & Trust of Dubuque, Iowa vehemently opposes this proposed rule.

Fidelity Bank & Trust is a locally own community bank with locations in 18 communities in Iowa and Wisconsin. We have been a member of the FHLB system since 1992 and have received considerable benefit from the services provided by the FHLB. We have used liquidity provided by them for over twenty years as well as a commitment from them to stand at the ready to provide liquidity in the future.

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.

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. We have been a rapidly growing institution through mergers and acquisitions with a strategic plan to continue on that track. We are bothered by the fact that if we were to grow beyond \$1.1 billion in total assets and become a non-CFI that we would lose the ability to pledge certain loan portfolios. Even more importantly we would have to maintain 10% of our total assets in mortgages instead of the 1% as a non CFI. In addition, we believe that a community bank like ours should be given credit for

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Residential Real Estate mortgages originated even if they are sold to the secondary market after closing. This type of transaction is critical for an institution like ours to mitigate Interest Rate Risk and access another source of liquidity. We feel it remains the intent of Congress today that CFIs may utilize FHLBank liquidity for 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.

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 of its members that benefits local lending institutions, communities, housing, homeownership and the nation's economy.

Without access to our FHLBank, the credit available to communities in our region will be unnecessarily impacted. We believe this proposed rule is a solution in search of a problem. Because the proposed rule outlines no safety and soundness concerns-and because there is no legitimate public policy goal of the proposed rule Fidelity Bank & Trust strongly recommends that you withdraw the proposed rule. Thanks for taking our comments into consideration.

Sincerely,

A handwritten signature in blue ink that reads "Todd Steffen". The signature is written in a cursive style with a prominent flourish at the end.

Todd A. Steffen,
SVP & Cashier
Fidelity Bank & Trust

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