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November 12, 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 The Citizens First National Bank of Storm Lake, Iowa vehemently opposes this proposed rule.

The proposed regulation on FHLB membership creates many concerns for our bank. Primarily it is a certainty that we, based on our conservative interest rate risk management style, would immediately be ineligible for membership because we would fail the long-term mortgage limit test. Though we have a significant portfolio of residential mortgages originated and serviced (just under \$40MM) we typically only retain ownership of a small amount of these loans with longer term maturities.

Our institution provides lending across all of our community with a focus on commercial & agricultural lending, residential mortgage lending and trust services. The bank is a shade over \$200MM in assets and employs 42 people. The bank has been owned and run by my family in a conservative manner for the 112 years since its inception.

I believe we should be free to manage our balance sheet in light of what makes the most sense for our organization and not be required to take on additional risk for the sole purpose of retaining access to a valuable alternative funding source.

I would ask that you give serious consideration to the removal of the minimum long term residential loan portion of the proposed rule.

Sincerely,

Harry P. Schaller

President

The Citizens First National Bank of Storm Lake, Iowa

