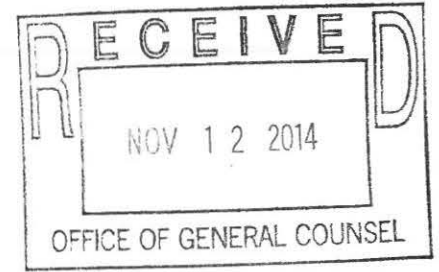




**Iowa State Financial  
Services Corporation**



November 4, 2014

Alfred M Pollard, General Counsel  
ATTN: Comments/RIN 2590-AA39  
Federal Housing Finance Agency  
400 Seventh Street SW, Eighth Floor  
Washington, DC 20024

Dear Ladies and Gentlemen:

As the Chairman of the Board of two, community banks located in Eastern Iowa, I am writing to express my opinion on the proposed rulemaking affecting the membership eligibility in the Federal Home Loan Banks (FHLB) issued by the Federal Housing Finance Authority (FHFA). This proposed rule includes significant and unnecessary changes to historic membership requirements for the FHLB System, and, I believe, is wholly inconsistent with legislative intent and the FHLB Act; therefore, I am strongly opposed to this rule and its departure from long standing standards of membership.

In my banks, the FHLB of Des Moines serves as a crucial source of liquidity and long term funding. It has enabled us to compete in our local markets by giving us access to the wholesale, bond market which, in turn, allows us to provide extended term financing to the businesses and consumers in our communities. Additionally, the FHLB of Des Moines is a prime funding point for our banks' contingency liquidity plans as in the recent financial crisis and allows them to manage their balance sheets and income statements appropriately. There is a distinct possibility that sometime in the future due to prudent management of interest rate risk, local economic conditions, or regulatory changes, our banks may not meet the membership test as outlined in the proposed rule. This would be extremely problematic and would adversely affect our trade areas and its small businesses, its farms, and the families residing there.

The proposed rule would make access to FHLB advances and mortgage purchase programs contingent on arbitrary determinations, and would conflict with our primary regulator's focus on liquidity and safe and sound operations. It would restrict our banks' access to the secondary mortgage market and the wholesale bond market which would substantially raise our costs and the costs to the communities we serve. For these reasons and the harm that this rule would cause, I would respectfully ask that the FHFA withdraw the new membership rules contained in its September 12, 2014 Notice of Proposed Rulemaking and rededicate itself to preserving the FHLB system as a reliable and stable partner for community banks who are dedicated to local lending, and the towns and counties where they reside.

Sincerely,

D. C. Eastburn  
President  
Chairman, Iowa State Bank and Trust Company of Fairfield, Iowa  
Chairman, Linn County State Bank of Coggon, Iowa

DCE/bb