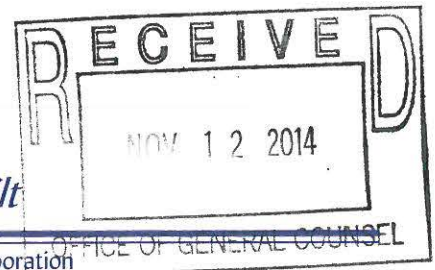




The Bank that Service Built



Member of the Federal Deposit Insurance Corporation

OFFICE OF GENERAL COUNSEL

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 State Savings Bank vehemently opposes this proposed rule.

We are a small bank by industry standards, with assets just under \$100 million. We employ 25 people in 5 markets in Iowa, with locations in Bedford, Creston, Cherokee, Clearfield and Marcus, Iowa. Federal Home Loan Bank of Des Moines has been a very integral part of our operations as we use them for liquidity purposes and also participate in their Rural Home Ownership Program. We are primarily an Agricultural Bank, but also have about 20% of our lending portfolio in 1-4 family loans. We historically run over 90% Loan-to-Deposit ratio and are currently close to 100%. Having Federal Home Loan Bank of Des Moines as a partner allows us to serve our market in this manner as they are our main source of liquidity. 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. 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.

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- State Savings Bank strongly recommends that you withdraw the proposed rule. Thanks for taking our comments into consideration.

Sincerely,

Handwritten signature of David Henry

David Henry
EVP/CEO

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