

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 Century Bank vehemently opposes this proposed rule.

I am Michael Bauer, Senior Vice President and minority owner of Century Bank in Shenandoah, Iowa. Our institution provides lending across all of the communities we service with a focus on Ag and consumer lending. As a single branch, \$80 million dollar family bank, our goal is to provide the best products and services for our customers. The main product we have to sell is our desire to get people the very best product we can for their individual situation. One big example of this would be providing our customers with secondary market first lien home loans that provide a more competitive rate than we can offer in house. Therefore we retain very few of these loans on our books. Not for our benefit, but for the benefit of our customers. So the proposed 1% of assets in first-lien home loans would be very difficult for us to meet on a consistent basis. The potential to go to 2-5% would be very difficult unless we are also entering a new era where the government will also get rid of the advantages of Fanny and Freddie and put home loan lending back in the hands of solid commercial banks.

On the flip side, borrowing from FHLBanks to secure fixed rate advances in the 5-15 year range is extremely important to us to allow us to offer competitive fixed rate long term agriculture real estate loans. It is really the best option we have to compete against the Farm Credit Systems "unfair" competitive advantage as a small family owned community bank.

Banks like ours need access to the services of FHLBanks products and services to stay competitive in the market and to stay viable. And while you may feel that big banks and the Farm Credit System can replace it, I do not see either of those investing their time or money to support the needs of our community. So access to the services of FHLBanks is not only important to the survival of banks like ours but also towns like ours.

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. 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.

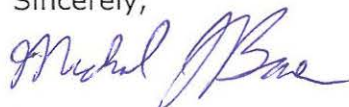
Broadly speaking, the FHLB Des Moines serves as a critical source of liquidity for financial institutions in Iowa, Minnesota, Missouri, North and South Dakota. They have proven to be a reliable and competitive source of liquidity for all of our financing needs in all economic environments. This rule, 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.

Access to advances is critically important to our bank because FHLBank liquidity allows us to offer competitive rates to our members that we might not otherwise be able to offer. This is our main liquidity source in times of need. Additionally, having a credit line and borrowing capacity with FHLB Des Moines promotes the safe and sound management of our institution.

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 and we will lose an important source for liquidity. 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 Century Bank strongly recommends that you withdraw the proposed rule. Thanks for taking our comments into consideration.

Sincerely,

A handwritten signature in blue ink that reads "Michael J. Bauer". The signature is written in a cursive style with a large, stylized initial "M".

Michael J. Bauer
Senior Vice President
Century Bank