



November 7, 2014

Mr. 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 FHLBanks (RIN 2590-AA39)

Dear Mr. Pollard,

First, I would like to thank you for this opportunity to comment on the Federal Housing Finance Agency's (FHFA's) recently issued proposed rule impacting FHLBank membership. I have worked in the community banking industry for more than 40 years. I served as Treasurer of the American Bankers Association (ABA), chairman of the Nebraska Bankers Association (NBA) and I have worked on numerous ABA and NBA committees. I currently serve as Chairman of First State Holding Co., Nebraska financial holding company and as a Director of the Federal Home Loan Bank Topeka (FHLBank Topeka). I have spent thousands of hours talking with bankers about various banking industry issue in both my previous and current roles, and I understand the concerns and perspectives of fellow bankers.

I want to communicate my deep concern with the FHFA's proposed rule requiring all members to pass annual minimum "asset tests." Long-standing members could potentially lose their membership as a result of the proposed rule and subsequently would not have access to FHLB advances to fund loans in local communities.

First State Bank Nebraska, First State Holding Co.'s wholly-owned subsidiary, is a community bank with a long-standing relationship with FHLBank Topeka. First State Bank Nebraska truly is a vital source of credit for the communities we serve as many other competitor banks and other financial institutions are not able or willing to extend credit in many of these communities. Under the leadership of our board and Thomas G. Damkroger, our CEO, we have been able to offer a variety of loan and deposit products that serve our customers' needs. As permitted by Congress, we are able to pledge our loans as collateral to support access to advances from FHLBank Topeka. We have a considerable loan to deposit ratio and the access to the advances from FHLBank Topeka ensures that we have the needed liquidity to continue to make loans in our communities.

It is my firm belief that the proposed rule sets a very troubling precedent. Our bank and many of our peers have a proven record of expert balance sheet management. Our bank does not support the notion of financial institutions managing their balance sheets to the demands of a regulation.

Additionally, it is concerning that the rule could result in fewer members of FHLBank Topeka. This could lead to a smaller FHLBank with fewer assets, reduced profits, lower retained earnings, a decreased market value of equity, less capital stock, and fewer dollars available for the Affordable Housing Program. These consequences are in direct contradiction with the primary mission of the FHLBank system of providing members with products and services to enhance and further housing and community lending.

Access to FHLBank advances is undoubtedly important to financial institutions in our community. FHLBank Topeka and its sister FHLBanks are operating within the authorities enumerated in the federal statute. The membership requirements FHFA is contemplating would change long-standing rules that have proven successful since Congress chartered the system in 1932.

Furthermore, the proposed rule would ignore the prudent collateral expansions approved by Congress over time. The proposed rule does not clearly outline safety and soundness concerns and because of the clearly identified negative impact the proposed rule would have on the local communities that First State Bank Nebraska serves, I strongly recommend you rescind the proposed rule.

Thank you for taking the time to read my letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Harley D. Bergmeyer". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Harley D. Bergmeyer  
Director, FHLBank Topeka  
Chairman, First State Holding Co.

CC: Federal Reserve Bank of Kansas City  
CC: American Bankers Association  
CC: Nebraska Bankers Association