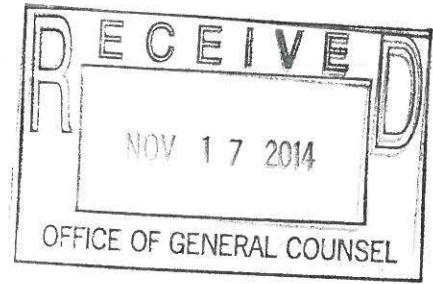




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FirstKeystoneCommunity.com



November 10, 2014

Alfred M. Pollard, Esq., General Counsel
Attention: Comments/RIN 2590-AA37
Federal Housing Finance Agency, Fourth Floor
400 Seventh Street, S.W.
Washington, DC 20024

Re: Notice of Proposed Rulemaking and Request for Comments – Members of Federal Home Loan Banks (RIN 2590-AA39)

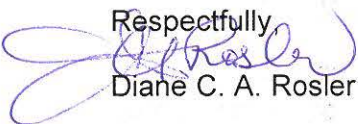
Dear Mr. Pollard:

On behalf of First Keystone Community Bank, I am writing to express my concerns about the notice of proposed rulemaking. While we appreciate your apparent desire to provide for a strong Federal Home Loan Bank System that supports housing, we believe the rule undermines the goal of the proposal.

1. My regulator requires a reliable source of contingent liquidity. For us, this has always been my Home Loan Bank. With this rule, I'm concerned my regulator will not consider the FHLBanks reliable and may require another, more expensive, liquidity source.
2. Simply put, I don't want to have to think about the potential of losing my FHLBank membership as I make business decisions and deal with the numerous existing and changing regulations and risks I have to manage. I run my institution to be safe, profitable and useful to my customers – not to meet an arbitrary test.
3. This regulation will have the unintended consequence of putting FHLBank members in a position of having conflicting regulatory burdens. For example, my regulator says I should hold fewer long-term mortgages on my balance sheet, but this rule may encourage me to add long-term mortgages just to meet the test and retain FHLBank membership.

Based on our belief that the proposals could harm FHLBank members and generally weaken a System that has worked well for more than 80 years, we ask that the FHFA reconsider the September 12, 2014 Notice of Proposed Rulemaking.

Respectfully,


Diane C. A. Rosler

SVP/CFO