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November 18, 2014

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

Re: Notice of Proposed Rulemaking and Request for Comments – Members of FHLBs (RIN 2590-AA39)

I am Robert L. Macy, Executive Vice President of Peoples Savings Bank. Our institution provides lending across all of our community with a focus on agricultural and commercial credit. The proposed regulation on FHLB membership creates many concerns for our financial 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.

Your agency's proposed rules could fundamentally change how, or even whether, a depository financial institution such as ours could remain a member of a FHLB Des Moines. This is enormously disturbing. Confidence, trust, and reliability comprise the bedrock upon which our long-time FHLB membership is built. 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. FHLB Des Moines is the major liquidity source in our short-term liquidity stress tests. The bank knows what it is eligible for and can access these funds with a phone call. All other sources of liquidity require more time to procure funds. In an emergency, the potential lack of access to FHLB Des Moines would be crippling.

This appears to us to be building a complicated and expensive regulatory structure designed to fix something that simply is not broken. We see the very real possibility of further regulatory burdens and expenses to monitor compliance. Falling out of compliance will be subjected to corrective action plans. Members failing these new tests would be punished by having their FHLB membership terminated. This is an extreme action, especially since a terminated or withdrawing bank cannot immediately seek to reinstate its membership.

The FHLB Des Moines is there for us, in all economic environments, serving as a competitive source of liquidity for all of our financing needs including housing, agricultural, commercial and consumer lending. The proposed rules would negatively impact the reliable provision of that liquidity in a great number of ways.

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Sincerely,

A handwritten signature in cursive script, appearing to read "Robert L. Macy".

Robert L. Macy
Executive Vice President
Peoples Savings Bank