

# Rolling Hills Bank & Trust

A Homeowned Bank Investing In Hometown People

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 Rolling Hills Bank and Trust vehemently opposes this proposed rule.

I am CEO of Rolling Hills Bank and Trust. Our institution provides lending across all of our community with a focus on all the credit needs of our community. We are a \$230 million community bank in southwest Iowa with 10 locations in Iowa and 2 locations in Minnesota. Our ability to access the FHLB has been vital to the growth of our bank and has given us the ability to expand our lending to further help our communities grow and prosper. It is also an essential element in providing contingency funding which is essential to running a safe and sound financial institution.

The proposed regulation on FHLB membership creates many concerns for our bank. While my bank would meet the proposed rule requirements of the proposed rule today, I feel that the rule establishes a problematic precedent. There remains a distinct chance that at some point in the future, due prudent management of interest rate risk, economic or regulatory changes, our institution could fail the test. Our bank should be free to manage our balance sheets in light of what's best for us, not the demands of a regulator. Not to mention, the proposed regulation conflicts with concerns from financial regulators that financial institutions reduce holdings of long-term fixed rate mortgages and sell them in the secondary market.

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

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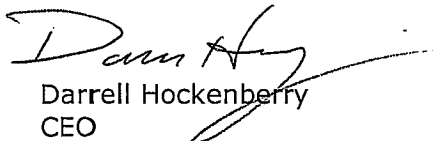
Branch Locations: Adair \* Anita \* Carson \* Casey \* Griswold \* Menlo \* Rippey \* Stuart \* Walnut \* Brewster \* Worthington

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.

Access to FHLBank advances is important to CFIs like mine in our region. FHLB Des Moines and the 11 other FHLBanks are operating well within the authorities granted them by Congress. The membership requirements being contemplated by FHFA would change long-standing requirements that have worked well, and the proposed rule would ignore the collateral expansions approved by Congress over time. Rolling Hills bank and Trust strongly recommends you rescind the proposed rule. Thanks for taking our comments into consideration.

Sincerely,

  
Darrell Hockenberry  
CEO  
Rolling Hills Bank and Trust