



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)

Dear Mr. Pollard:

I am writing to express my concern about the notice of proposed rulemaking regarding membership eligibility in Federal Home Loan Bank (FHLBANKS) put forward by the Federal Housing Agency (FHFA). The proposed rule includes significant and unnecessary changes to long-lasting membership rule for the FHLBank system. The proposed changes are inconsistent with Congressional intent and the Federal Home Loan Bank Act (FHLBank Act). For these reasons First farmers & Merchants State Bank vehemently opposes this proposed rule.

I am Steve Drennan, President & CEO of First Farmers & Merchants State Bank. Our institution provides lending across all of our community with a focus on all credit needs in our community. The FHLBDM provides liquidity when needed for funding of loans and increase regulations affect not only our ability to provide a much needed community resources but to also make those resources affordable and lasting for our customers.

First Farmers & Merchants State Bank is approximately a \$90M Community Bank with three locations in our area and 17 employees.

It is also critical 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 the Midwestern State of this country. They have proven to be a reliable and competitive source of liquidity for all of our financing needs in all economic environments. The 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.

We believe in you.[™]
Member FDIC. And the community.

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Access to FHLBank advances is important to CFI like mine in our region. FHLB Des Moines and the 11 other FHLBanks are operated 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 expansion approved by Congress over time. First farmers & Merchants State Bank strongly recommends you rescind the proposed rule. Thanks for taking our comments into consideration.

Regards



Steve Drennan
President & CEO
First Farmers & Merchants State Bank