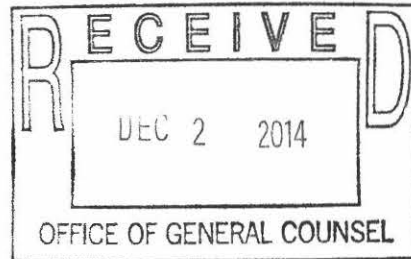




Frederick E. Schea, President and CEO

November 24, 2014



Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency
400 Seventh Street SW, Eighth Floor
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 Savings Bank of Perkasio, I am contacting you to express my serious concerns the proposed rule on membership will call into question the Federal Home Loan Bank system which supports housing finance and serves as a critical liquidity source for our bank.

We are approaching \$1.1 billion and will soon be subject to the 10 percent asset test which in the future could put our bank in a position to not support business demand. This is not a problem today but as you may be aware the Basel III guidelines and the mortgage rules of the Consumer Financial Protection Bureau have made residential mortgages and their servicing more problematic for regulated institutions. We are concerned that over time the business of residential lending may move out of our regulated business to the unregulated market. Accordingly, I cannot forecast our ability to continue to be in the residential mortgage business which has been a historical mainstay of our bank.

I am concerned the membership rules could place our bank in an uncompetitive situation with non-banking entities. In addition, the always reliable source of liquidity of our membership in the Federal Home Loan Bank could become less reliable in the future causing our bank to seek alternative liquidity sources.

The strength of any of the Federal Home Loan Banks is the ability of its members to seek and maintain advances which allow the Federal Home Loan Bank to profit and in turn return dividends to its members. Limited membership in the manner proposed can only call that into question and it seems to me that could not have been the legislative intent when the Banks were created.

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Our bank has used advances to assist in our ability to make loans to individuals and small businesses. The Federal Home Loan Bank has been a consistent and reliable source of liquidity in all adverse economic scenarios.

The System has worked well for community banks, insurance companies and credit unions for many years and I question changing something that is not broken today. Thank you for your consideration of our position on this proposed rulemaking and I hope you will seriously reconsider the FHFA position.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Fred E. Schea".

Frederick E. Schea