

December 5, 2014

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 David Woodcock, President/CEO of Farmers Trust and Savings Bank. We are a \$325 million community bank, with no branches and just under 40 employees. Our institution provides lending in our community with a focus on commercial, agricultural, and mortgage lending. The FHLB of Des Moines has been a critical funding avenue for our bank for many, many years.

Our bank is located in a strong ag sector of America, located in northwest Iowa. We have found that customers no longer invest with a bank for retirement and now only keep their liquid cash with us. Traditionally, time CDs have been a large funding source for us but most of the clients that appreciated that type of investment have either passed away or moved to the warmer states of Florida, Arizona, Nevada, and California, therefore depriving us of core long term funding sources, so naturally we have had to turn to the FHLB to fill that need. The younger generation invests in stocks, bonds, and mutual funds, however, appreciate the opportunity to finance their home locally, however again, their market driven investments deprive us of local deposits needed to fund their loans. Also, we need access to the national credit markets that the FHLB Bank provides to allow us to compete with big banks that are able to issue their own debt in the marketplace.

We want to help our clients meet their financial goals and we appreciate the opportunity to work with our clients, however mounting regulations consume much more time, and continues to increase yearly, taking away from our customer focus. Any new regulations that are unneeded are unwelcomed at the present time.

I believe the FHLB of Des Moines has the largest number of clients and most of the community banks are located in the upper Midwest regions of Minnesota, Iowa, Missouri, Illinois, Wisconsin, and Michigan. We are all struggling for deposits and we truly need FHLB to be a long term funding partner that we can rely on and have access to without being

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# The Farmers Bank

FARMERS TRUST & SAVINGS BANK

regulated on how our balance sheet needs to be structured to allow FHLB membership going forward.

The on-going mortgage asset test requirements will artificially distort balance sheet management practices, decreasing the flexibility of community banks to manage their balance sheets in response to changing market conditions.

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.

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. Often the Home Loan Bank is our main source of liquidity.

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.

We need the Federal Home Loan Bank to exist without fear of losing access due to regulations.

Sincerely,



David W. Woodcock  
President/CEO  
Farmers Trust and Savings Bank