



December 2, 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 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 Reliabank Dakota vehemently opposes this proposed rule.

I am Josh Hogue, Assistant Vice President of Reliabank Dakota. Our institution provides lending across all of our community with a focus on all the credit needs of our trade area. We are a family owned bank with assets totaling approximately \$260 million. We have utilized many of FHLB programs. We take advantage of low cost funding to decrease our interest risk when we match a FHLB advance to a loan or pool of loans. We also help our customers realize their dreams of home-ownership by utilizing the Mortgage Partnership Finance Programs. This program gives us the ability to compete with the mega banks by offering a mortgage product that we can actually service in-house for our customers.

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.

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

Without access to our FHLBank, the credit available to communities in our region will be unnecessarily impacted. We believe this proposed rule is a solution in search of a problem. Because the proposed rule outlines no safety and soundness concerns-and because there is no legitimate public policy goal of the proposed rule- Reliabank Dakota strongly recommends that you withdraw the proposed rule. Thanks for taking our comments into consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joshua A. Hogue', with a long horizontal flourish extending to the right.

Joshua A. Hogue
Asst. Vice President
Reliabank Dakota