

December 4, 2014

Mr. Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance
400 Seventh Street SW., Eighth Floor
Washington, D.C. 20024

Re: Notice of Rulemaking and Request for Comments – Members of Federal Home Loan Banks (RIN 2590-AA39)

I am taking this opportunity to comment on the proposed changes to the FHLB membership eligibility requirements. Maquoketa State Bank (MSB) is a \$310 million community bank located in Maquoketa, Iowa. MSB is owned by Ohnward Bancshares, Inc., a \$1 billion, four bank holding company operating across East Central Iowa. All of our banks utilize the Federal Home Loan Bank of Des Moines for multiple services, but I will comment specifically in regards to MSB.

Maquoketa State Bank is an important source of commercial and agricultural real estate lending in our trade area. We utilize advances from FHLB Des Moines as a source of long-term funding to offset the interest rate risk often associated with those loans. In addition, the availability of FHLB funds is a critical component of our asset/liability policy and helps us manage our liquidity needs.

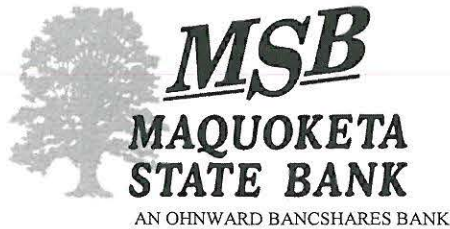
As a community bank, MSB provides housing loans in the various rural communities we serve. One of the programs we utilize to provide affordable financing for our customers is the Mortgage Partnership Finance program. We are currently servicing over \$29 million in MPF loans that we have originated for our customers. Since those loans are not held in our portfolio they would not count toward the new “asset test requirements” that are being proposed. For many community banks, there is a very real possibility that FHLB membership could be terminated if they do not meet these ongoing tests. Banks should not be required to make changes to their balance sheet management or hinder their customers’ ability to obtain affordable housing financing for the sake of meeting an arbitrary asset test.

203 North Main Street
Maquoketa, Iowa 52060
Phone 563/652-2491
FAX 563/652-2495

112 McKinsey Drive
Maquoketa, Iowa 52060
Phone 563/652-2491
FAX 563/652-0552

16 West Benton Street
Andrew, Iowa 52030
Phone 563/672-3575
FAX 563/672-9606

3 North Elliot Street
Preston, Iowa 52069
Phone 563/689-3535
FAX 563/689-3537



The Des Moines Federal Home Loan Bank has been a strong partner for community banks like ours, as a reliable source of secondary market mortgage financing, liquidity, and interest rate risk management tool. We believe the new membership rules contained in the September 12, 2014 Notice of Proposed Rulemaking will harm FHLB members and hurt housing, credit and economic growth across the nation. We ask that the FHFA withdraw the proposed membership rules and work with FHLB members to preserve the Federal Home Loan Bank as a reliable partner to its members, for the benefit of local lending institutions, communities, housing, homeownership and the nation's economy.

Sincerely,
MAQUOKETA STATE BANK

A handwritten signature in blue ink that reads "Kevin L. Burns".

Kevin L. Burns
President

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FAX 563/689-3537

www.maquoketasb.com