



MEMBER FDIC

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December 19, 2014

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency
400 Seventh Street SW
Washington, DC 20024

RE: Notice of Proposed Rulemaking and Request for Comments – Members of FHLBanks (RIN 2590-AA39)

Dear Mr. Pollard:

I am submitting this letter as a concerned member of the FHLBank Topeka. My association with the FHLB Topeka comes about as a result of my position as President and an owner in Horizon Bank. The FHLB has been a close partner of ours for many years. The FHLB has served as a fixed rate funding source for our long-term mortgage product. The FHLB has served as a residential loan purchaser for liquidity and rate exposure mitigation. The FHLB has provided funding (AHP) to many of the projects we have underwritten. The FHLB has done a lot for us and our relationship has been mutually beneficial to both parties.

As I understand the proposal listed above, I can't help but feel it will do more damage to the FHLB system than good. The proposal will result in fewer eligible members which will translate to a smaller FHLBank, reduced profits, lower retained earnings, a decreased market value of equity and capital stock, and fewer dollars for the AHP Program. In fact, Horizon Bank would have been ineligible for FHLBank membership for all of the last 23 years had the proposed home mortgage retention requirement been in place. This is totally unnecessary and unacceptable.

The regulatory changes proposed would make it impossible for me to obtain or maintain access to FHLBank liquidity offerings. We need not look back far to see how important this source of liquidity was during the Great Recession. Instead of helping us serve the housing and community development projects within our territory, this proposal puts up barriers.

With the proposed rule changes, I see no safety and soundness reason to impose these new membership restrictions. I also see no compelling benefit for its issuance. I only see unnecessary tinkering with a system that has proven its worth and resilience for decades. In summary, I ask that you carefully look at this proposal and understand the dire consequences you will unleash on community banks like mine should you decide to add these restrictions to membership. It is unnecessary and unacceptable.

Sincerely,

A handwritten signature in blue ink that reads "Janet Latimer".

Janet Latimer
President

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