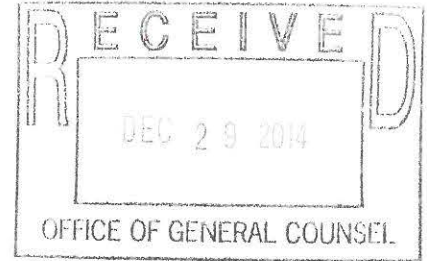




December 17, 2014



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 RCSBank opposes this proposed rule.

I am James R. Behrens, Chairman of the Board of RCSBank, a small rural commercial bank and a member of the Federal Home Loan Bank of Des Moines, Iowa. Our bank has provided our community with credit for commercial, agricultural, personal and home mortgage loans since 1944. Like many other small community banks, we have weathered periods of financial stress and have successfully mitigated our liquidity risks with our membership in the Federal Home Loan Bank system. During times of financial stress, inadequate liquidity can cause the institution to be exposed to significantly more expensive funding sources and add to the stress on the institution. Membership provides small banks access to long-term funding, which provides them with liquidity and risk mitigation. Changes in the bank's asset mix could jeopardize the bank's membership and its funding source at a critical time.

In addition to restricting the liquidity of the loan portfolio, the Federal Home Loan Bank is instrumental in providing deposit guarantees for public funds which are a major source of deposits for small rural banks. The membership in the Federal Home Loan Bank system is vital to the ongoing ability of small banks to adequately create liquidity and secure stable funding sources. It is also vital to small banks that the Federal

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MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

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Home Loan Banks remain profitable. I fear that diminished membership would inflict harm on the profits and liquidity of all Federal Home Loan Banks.

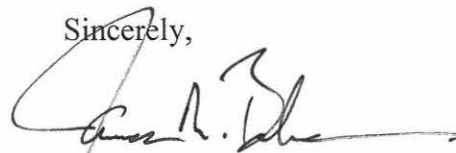
Your agency's proposed rules could fundamentally change how, or even whether, a depository financial institution such as ours could remain a member of a FHLB Des Moines. This is enormously disturbing. We need to know that the FHLB Des Moines can provide funding on a moment's notice as it did in the recent financial crisis.

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.

Finally, I believe the FHFA's proposals are beyond the scope of and produce results that are contrary to its mission. Eliminating currently eligible businesses and increasing the regulatory burden on members is a dramatic shift from long-standing Congressional policy to expand FHLBank access. The proposed changes will make the system less reliable. With fewer members, fewer advances will be made and less liquidity and funding for housing finance and community investment will be available. Again, with no threat to the safety and soundness of the system, there are no obvious benefits to balance the costs.

I strongly recommend that you withdraw the proposed rule. Thanks for taking my comments into consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Behrens", with a long horizontal flourish extending to the right.

James R. Behrens
Chairman
RCSBank

JRB/cj