



December 22, 2014  
**America's Community Bank**

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 America's Community Bank (ACB) opposes this proposed rule.

My name is Wes Condron and I am President of ACB. Our Bank provides loans throughout our community with a large portion of our loans being some form of real estate. We have on numerous occasions relied on FHLB advances to either assist in funding our loan portfolio needs or to aid in achieving a proper asset/liability structure, or both. We are a small community bank with approximately \$27 million in assets and seven employees.

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, prudent management of interest rate risk, economic or regulatory changes, our Bank could fail the test. Our bank should be free to manage our balance sheets in light of what's best for us, not the demands of a regulator. Further, the proposed regulation conflicts with concerns from bank regulators that banks reduce holdings of long-term fixed rate mortgages and sell them in the secondary market.

It is also crucial to point out that more than 25 years ago, Congress made it clear that community financial institutions (CFIs) such as my bank may use advances for purposes other than residential housing finance. It remains the intent of Congress today that CFIs may utilize FHLB funding for commercial real estate, small business, agricultural real estate and agricultural operating loans. This fact alone highlights how this proposed rule runs counter to existing federal statute.

For our Bank the FHLB Des Moines serves as a critical source of liquidity. They have proven to be a reliable and competitive source of liquidity for all of our financing needs in all

economic environments. This rule, if adopted, would remove the certainty that the FHLB Des Moines can be counted on to be a reliable source of funding and liquidity in all market conditions.

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

Your agency's proposed rules could fundamentally change how, or even whether, a financial institution such as ours could remain a member of a FHLB Des Moines. This is very disturbing. Confidence trust and reliability are critical to our FHLB membership. We need to know that the FHLB Des Moines can provide funding on a moment's notice as it has in the past.

Because the proposals would harm FHLB bank 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.

Without access to our FHLB bank, 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, ACB strongly requests that, after more thorough review of the issues, you withdraw the proposed rule. Thanks for taking our comments into consideration.

Sincerely,



Wes Condrón, President  
America's Community Bank