Fishback
Financial
Corporation

December 31, 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 (NPR) and Request for comments-Members of the FHLBanks (RIN 2590-AA39).

Submitted electronically via www.regulations.gov

Dear Mr. Pollard;

I write this letter as comment on the Federal Housing Finance Agency's (FHFA) proposed rulemaking on "Members of the Federal Home Loan Banks". As President and Chief Executive Officer of Fishback Financial Corporation (FFC) which owns four (4) banks, all of which have membership in the Federal Home Loan Bank of Des Moines (FHLB), I am deeply concerned about the effect the rule will have on our bank's ability to rely on the FHLB as a source of liquidity, as well as the potential negative impact the rule will have on the ability of our management team to structure balance sheets and implement business models as we see fit.

The FHLB as a Source of Liquidity

During the nation's financial crisis our regulators placed increased scrutiny on our balance sheet liquidity and contingent liquidity plans. The FHLB worked with FFC to develop a pooled approach to borrowing capacity that allowed us to be well prepared for any liquidity issues any of our banks may have faced, and the plan continues in place today. A major piece of this plan is the collateral held by our largest bank, First Bank & Trust, Brookings, SD, (FBTB) with $950 million in assets and is a large part of the "pooled" borrowing capacity available to our other banks. As this bank grows and surpasses the proposed $1.1 billion threshold, which we fully expect to happen in 2105, our liquidity plan will be severely handicapped. The rule's creation of a "moving target" of assets to be held, which could result in FBTB failing the asset test, and surrendering its FHLB membership will adversely impact the ability of FFC to utilize the FHLB as a **reliable** source of liquidity. Keep in mind that having a dependable source of liquidity is as, or more important than how often the source is utilized. Our banks would not have passed regulatory scrutiny during the crisis if we were not able to show that FHLB was a long term reliable source for our liquidity needs.

Impact on FFC Bank Business Models

The proposed rule puts the FHLB in the position of telling members how to manage their balance sheet. Our second largest bank, First Bank & Trust, Sioux Falls, SD (FBTSF), with approximately $700 million in assets, has a business model in which most of the mortgage loans originated are sold on the secondary market. As this bank grows and reaches the threshold, it will be faced with altering its business plan solely to meet this rule. First, FBTSF may not be able to meet the "1 % makes" test even though they are currently in the top three in mortgage loans closed in its market. Second, the bank would have to alter its strategy of selling loans on the secondary market to restructure the balance sheet to meet the 10% test. FBTSF would instead have to manage its balance sheet to meet the rule, not to maximize safety and liquidity. In addition, as our organization looks to buy other banks, a potential acquisition candidate may have to be rejected simply because of its mortgage loan portfolio being too small and creating issues for the combined institution.

The proposed rule is not based on solving any heretofore identified problem. It creates an environment of uncertainty for many banks, potentially eliminating a reliable source of liquidity and stripping a bank's management of their ability to structure its' own balance sheet as it wishes.

Sincerely;

David Waligoske
Chief Executive Officer