



# First Security Bank

January 9, 2015

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 FHLBanks (RIN 2590-AA39)

Dear Mr. Pollard:

Thank you for the opportunity to comment on the Federal Housing Finance Agency's (FHFA's) recently issued proposed rule impacting FHLBank membership. I am writing to express a deep level of concern with the proposed rule because the proposal includes significant and adverse changes to long-standing membership rules for the FHLBank system.

We are a community bank with a long-standing relationship with FHLBank Topeka. Our bank is a vital source of credit for the communities we serve. We offer a variety of loan types that serve our customers' needs. As permitted by Congress, we are able to pledge these loans as collateral to support access to advances from FHLBank Topeka.

We feel FHFA's proposed rule sets a very troubling precedent. We do not support the notion of financial institutions managing their balance sheets to the demands of a regulation. We're also concerned that the rule could result in fewer members of FHLBank Topeka. This could lead to a smaller FHLBank with fewer assets, reduced profits, lower retained earnings, a decreased market value of equity, less capital stock, and fewer dollars available for the Affordable Housing Program. Additionally, we do not support the adverse impact the proposed rule would have on other financial institutions in our region.

Access to FHLBank advances is important to financial institutions in our community. FHLBank Topeka and its sister FHLBanks are operating within the authorities granted them under federal statute. The membership requirements FHFA is contemplating would change long-standing rules that have worked well for decades. Additionally, the proposed rule would ignore the prudent collateral expansions approved by Congress over time. Because the proposed rule outlines no safety and soundness concerns; because there is no legitimate public policy goal of the proposed rule; and because of the clearly identified negative impact the proposed rule would have on local communities, we strongly recommend you rescind the proposed rule. Thank you for taking our comments into consideration.

Respectfully,

L. Kent Needham  
President & CEO

CC: Office of the State Bank Commissioner  
CC: Kansas Bankers Association  
CC: Federal Deposit Insurance Corporation