



# FIRST FEDERAL

SAVINGS BANK OF CHAMPAIGN-URBANA

January 2, 2015

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

**Re: Notice of Proposed Rulemaking; Request for Comments - Members of the Federal Home Loan Banks**

Dear Mr. Pollard:

We are submitting this comment to express our concerns about the Federal Housing Finance Agency's ("FHFA") notice of proposed rulemaking and request for comments on "Members of the Federal Home Loan Banks" published on September 12, 2014. For the reasons stated below, we respectfully request the withdrawal of this proposal.

First Federal Savings Bank of Champaign-Urbana ("First Federal") was originally chartered in 1908 and became a federally chartered mutual savings institution in 1938. On June 30, 1995, First Federal Savings and Loan Association completed a conversion from a federally chartered mutual savings association to a federally chartered stock savings bank and became known as First Federal Savings Bank of Champaign-Urbana. With this conversion, the holding company for First Federal Savings Bank of Champaign-Urbana was established and became known as Great American Bancorp, Inc. ("Great American"). Over the past 106 years, First Federal has maintained a strong tradition of servicing the local market area of Champaign County, Illinois, which includes the cities of Champaign and Urbana. With approximately \$175 million in total assets, the bank conducts business from its main office location in Champaign, Illinois and one branch facility located in Urbana, Illinois. Since its inception, First Federal's primary mission was to serve the savings and home ownership needs of the community. However, due to deregulation, competition and community needs, the purpose of the Bank has evolved into that of a full-service financial institution offering residential, consumer, and commercial lending.

Having been a shareholder and customer of the FHLB for a number of years, First Federal has seen firsthand the positive impact that the FHLB can have not only on community banks like ours, but the communities themselves in which we operate. The FHLB provides many products and services that allow our institution to offer the types of products that we do and in turn, help families and communities throughout East Central Illinois. This proposal, on the surface, will have little direct impact on an institution such as ours. However, the fact that this proposal enforces, for the first time ever, ongoing requirements necessary to become and remain a member, is rather concerning. Furthermore, throughout the history of the FHLB system, membership has always been expanded, never contracted. This creates a legitimate concern for our institution due to the fact that this essentially sets a standard for the FHFA to create or alter any of these newly created requirements at some point in the future. At what point will the decisions made by the FHFA begin to affect our access to the FHLB of Chicago?

1311 South Neil Street  
P.O. Box 1010  
Champaign, IL 61824-1010  
217/356-BANK (2265)  
FAX 217/356-2502

1912 West Springfield Avenue  
Champaign, IL 61821  
217/359-BANK (2265)  
FAX 217/359-4753

301 West Springfield Avenue  
Urbana, IL 61801  
217/344-BANK (2265)  
FAX 217/373-6864

If this proposal were to be implemented in its entirety, the number of members within the FHLB system would certainly decline. As this reduction in membership occurs, we are concerned about the destabilizing effects that would ensue. These actions will certainly lead to a smaller FHLB system in terms of assets size thereby reducing profits, retained earnings, and the market value of equity and capital stock. As these declines continue to occur, the amount of funds available to member banks will continue to deteriorate thus reducing the FHLB affordable housing and community investment programs. Furthermore, bank regulatory agencies have emphasized the importance of liquidity planning since the financial crisis of 2008. As a member of the FHLB of Chicago, we are granted access to same-day funding in the form of advances which serve as a form of liquidity should the circumstance present itself. Over time, this proposal could drastically impact the manner in which liquidity is available to community banks like ours.

Finally, we view the FHLB of Chicago as a critical partner for our bank. Imposing ongoing requirements to the FHLB system for the first time in its history could potentially undermine the stability of the broader financial economy. As seen through the 2008 financial crisis, the FHLB served as a vital partner to many banking institutions across the country through their array of products and services. For the reasons stated above, we strongly urge you to withdraw this proposal immediately.

Thank you for your consideration.

Sincerely,



Tyler R. Rouse  
Executive Vice President  
First Federal Savings Bank of Champaign-Urbana