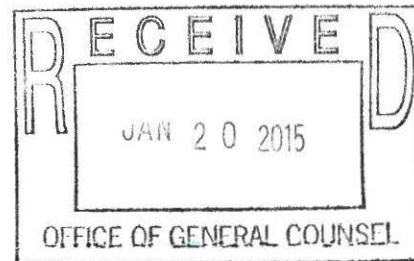




Mission Statement:

Three Rivers Bank of Montana is independently owned and locally operated and is a vital contributor of time, talent, and resources to the communities we serve. We are dedicated to enhancing our shareholders value, and committed to making our work environment enjoyable, educational, and fulfilling.

January 9, 2015



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

RE: Notice of Proposed Rulemaking and Request for Comments – Members of the Federal Home Loan Banks (RIN 2590-AA39)

Dear Mr. Pollard:

In 1987 First Security Bank of Kalispell, Montana became the first independent community bank in Montana to become a member of the Federal Home Loan Bank of Seattle. The banks Chairman A.J. (Jack) King and past Chairman of the Independence Community Banker of America in 1984 saw opportunities for small banks in America to become members of the Federal Home Loan Bank (FHLB). First Security Bank of Kalispell changed its name to Three Rivers Bank of Montana in 1999.

To acquire the value and opportunities offered by FHLB the Bank had to purchase stock and collateralize future advances or funding. These collateralized advances were at lower interest rates and the use of this funding made the bank more profitable and competitive.

The FHFA's proposal to initiate an ongoing asset test to retain FHLB membership would force smaller banks to invest in more Mortgage Backed Securities (MBS's) to hold in their portfolio.

The negative effects are:

1. More MBS's in the bank's portfolio would reduce the banks interest return, earnings and capital.
2. MBS's have maturities of 5-, 10-, 15-, 20-, 25- and 30-years. However the MBS's maturities may be decrease through payoffs or pay downs. There may be a monetary tail remaining on any MBS the bank has in its investment portfolio. This may create an adverse affect on the banks Interest Rate Risk (IRR). FDIC and State Bank Safety and Soundness Examiners continue to review this banks IRR. I haven't met one in the last 19 years that hasn't spoken adversely about

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Meridian Bank: 552 N. Meridian Road • Kalispell, MT 59901 • 406-755-5432 • Fax 406-257-0212

the banks IRR. Why would I want to have more conversations or face additional criticism regarding IRR by purchasing more MBS's and decreasing the banks capital?

3. As a banker I'd rather make loans to customers who trade with the bank; not purchase MBS's that I know little about and know nothing about the individuals whose loans are bundled into one large pool of loans. Information I receive from the bond broker is on the size of the pool of the loans, average FICO score of the pool, how many dollars and loans are to single family residences that are purchased or refinanced. This same pool information is given to me on multi-family and second homes; then I make the decision to purchase or decline the MBS as an investment. The banks credit officers don't get a chance to look the customer in the eye when the bank purchases a MBS. I believe there is more risk in purchasing a MBS because the bank just purchases it from a bond broker. There is more due diligence to a loan approval than a MBS approval and purchase.

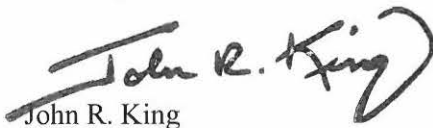
Three Rivers Bank of Montana is a small independent community bank. The bank needs funding to be competitive against the large regional banks and the Too Big to Fail Banks. Currently the bank has a loan to deposit ratio of 81%. It doesn't need to purchase more MBS's at lower interest rates and be subject to additional IRR ridicule by examiners. It needs low cost borrowing from FHLB to make loans and fuel its local economy.

As the CEO of the bank I'd rather have the banks risk placed on the people in the community the bank serves than someone in New York who we don't know.

Small community banks are charged to bring their shareholders a favorable return and are stewards of the communities they do business in, plus they must keep the financial institution Safe and Sound! For the reasons discussed above I urge the FHFA to withdraw the proposed rule.

Mr. Pollard, If you have any questions please call me at 406-755-4271.

Sincerely,

A handwritten signature in black ink that reads "John R. King". The signature is written in a cursive, slightly slanted style.

John R. King
Chairman of the Board and CEO