November 7, 2014

Alfred M. Pollard, 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 and Request for Comments – Members of FHLBs (RIN 2590–AA39)

Mr Pollard

I am writing to you concerning the FHFA notice of proposed rulemaking regarding membership eligibility in the FHLBs. This proposed rule includes changes to the long-standing membership rules of the FHLBs that are both unnecessary and inconsistent with the Congressional intent of the FHLBank Act. Glenwood State Bank strongly opposes this proposed rule.

More than 25 years ago, Congress made it clear that community financial institutions (CFIs) such as Glenwood State Bank may use advances for purposes other than residential housing finance. It remains their intent today that CFIs may utilize the FHLBs for liquidity 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.

Glenwood State Bank provides lending across our entire community, including Ag loans, consumer loans, commercial loans and home mortgages. Advances from the FHLB are critically important to provide us with the liquidity that we need to provide all of these types of loans to our community. Without this liquidity we would need to scale back our lending ability which would affect all members of our community. This funding promotes the safe and sound management of our institution.

While Glenwood State Bank would meet the proposed rule requirements as it stands today, I feel that it establishes a wrong precedent. At some point in the future, even with diligent management, our bank could fail this member test. We need to be able to manage our balance sheet as to what is in the best interests of our borrowers, not the demands of a regulator. This regulation also conflicts with regulator concerns for holding long-term fixed rate mortages instead of selling them to the secondary market.

This proposed regulation would harm FHLBs and hurt housing, credit and economic growth. We ask that the FHFA withdraw the new membership rules in its September 12, 2014 Notice of Proposed Rulemaking. This proposed rule is a solution searching for a problem since it outlines no safety and

soundness concerns, no legitimate public policy goal. Thank-you for taking my comments into consideration.

Sincerely,

Pamela A. Langseth

Vice President of Operations