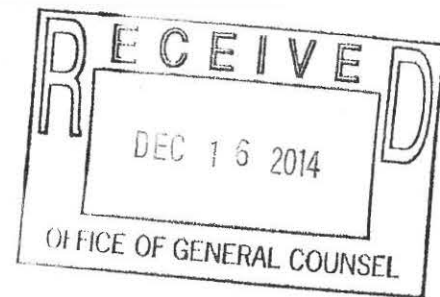




BANK®  
MEMBER FDIC

December 9, 2014



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 the FHLBanks (RIN 2590-AA39)

Dear Mr. Pollard:

I am writing to express my concerns about the notice of proposed rulemaking regarding membership eligibility in Federal Home Loan Bank (FHLBanks) put forward by the Federal Housing Finance Agency (FHFA). The proposed rule includes significant and unnecessary changes to long-standing membership rules for the FHLBank system. The proposed changes are inconsistent with Congressional intent and the Federal Home Loan Bank Act (FHLBank Act). For these reasons Hawthorn Bank opposes this proposed rule.

I am Bruce Phelps, Chief Financial Officer of Hawthorn Bank. Our institution provides lending across all of our community with a focus on real estate related credit, both residential and commercial. We are a \$1.2 billion commercial bank operating in 23 branches throughout central and western Missouri with approximately 345 employees. We have been a member of the Federal Home Loan Bank of Des Moines (FHLB Des Moines) for over 10 years and have utilized their secured funding facility (FHLB Advances) to help manage our interest rate risk and provide supplemental liquidity. The terms and pricing provided by FHLB Advances are very competitive and provide needed flexibility in order for us to serve the needs of our community.

Your agency's proposed rules could fundamentally change how, or even whether, a depository financial institution such as ours could remain a member of the FHLB Des Moines. This is enormously disturbing. We need to know that the FHLB Des Moines can provide funding on a moment's notice as it did in the recent financial crisis.

Because the proposals would harm FHLBank members and hurt housing, credit and economic growth, we ask that the FHFA withdraw the new membership rules contained in its September 12, 2014 Notice of Proposed Rulemaking and work with FHLB members to preserve the FHLBs as a reliable partner of its members that benefits local lending institutions, communities, housing, homeownership and the nation's economy.

Hawthorn Bank strongly recommends that you withdraw the proposed rule. Thank you for taking our comments into consideration.

Sincerely,

W. Bruce Phelps  
Senior Vice President, Chief Financial Officer  
Hawthorn Bank