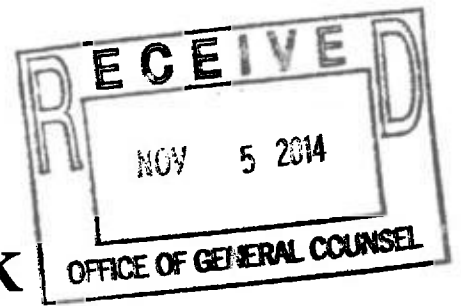
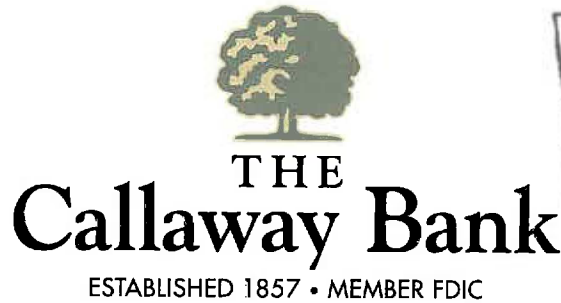


October 31, 2014



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 concern about the notice of proposed rulemaking regarding membership eligibility in the Federal Home Loan Bank put forward by the Federal Housing Finance Agency. The proposed rule includes drastic, unnecessary changes to long-standing membership rules for the FHLB system. The proposed changes are inconsistent with Congressional intent and the Federal Home Loan Bank Act. For these reasons, The Callaway Bank and its holding company, Callaway Security Banks, Inc., oppose this proposed rule.

In times of economic stress, the FHLB has been the bedrock of community bank access to liquidity. In 2008 and 2009 when the banking environment was most troubled, the FHLB was the most reliable, consistent, and reasonable source of liquidity for our bank, and remains so to this day. Our bank is a \$310MM rural bank that utilizes FHLB advances to support a strong and diverse balance sheet. For many years, we have used FHLB advances as our primary source for short-term liquidity needs. This is a very useful service. Regulators look very closely at liquidity – as they should. An authorized line with the FHLB, properly used, fills the bill. Please do not restrict this eligibility. With tighter eligibility, we would be faced with a choice of doing what's best to serve our markets and manage our bank well, or doing what we must in order to comply with FHLB eligibility rules.

We don't understand the motivation to change the rules. The FHLB system is by far the most stable of any of the GSEs, and has proven its worth many times over by being a stabilizing force when the rest of the world goes crazy. Narrowing participation in this system would seem to be counter-intuitive to its mission.

This seems like a solution looking for a problem. Please don't put community banks between a rock and a hard place. Remove this proposed rule and do not proceed with eligibility changes.

Thank you.

Sincerely,

Overton T. Harris
Chairman

MAIN BANK 5 East Fifth Street Fulton, Missouri 65251 573 642 3322 fax 573 592 6306
THE SOUTH BANK 1101 Highway 54 South Fulton, Missouri 65251 573 642 8671 fax 573 642 2545
DOWNTOWN DRIVE-IN BANK 308 Market Street Fulton, Missouri 65251 573 642 3029
NORTH DRIVE-IN BANK 2202 North Bluff Street Fulton, Missouri 65251 573 592 6308
STEEDMAN-MOKANE BANK 10393 State Road C Mokane, Missouri 65059 573 676 5711 fax 573 676 5611
www.CallawayBank.com • 1 800 446 2265