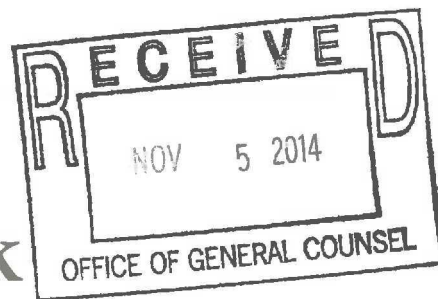


October 31, 2014



ESTABLISHED 1857 • MEMBER FDIC



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 significant 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 opposes this proposed rule.

In times of economic stress, the FHLB has been the bedrock of community bank access to liquidity. Between 2008 and 2012, the FHLB was the most reliable, consistent, and reasonable source of liquidity for my bank, and remains so to this day. My bank (8 branches in three towns) utilizes FHLB advances to support a strong and diverse balance sheet, and our FHLB advances allow us to provide low-cost, affordable loans to people in our communities. Without predictable, reliable access to FHLB liquidity, community banks will experience stress, and will be faced with a choice of doing what's best within our markets and within prudent banking management, or doing what we must in order to comply with FHLB eligibility rules.

I don't at all 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.

I am reminded of the old adage "if it ain't broke, don't fix it". Rural Missouri wisdom says there are always unintended consequences when you mess with something that is working well, and the result is often worse than the perceived problem that caused the "fix" in the first place. Please don't put us between a rock and a hard place. Remove this proposed rule and do not proceed with eligibility changes.

Thank you for listening.

Sincerely,

Kimberly D. Barnes  
President/CEO

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THE SOUTH BANK 1101 Highway 54 South Fulton, Missouri 65251 573 642 8671 fax 573 642 2545  
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