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October 31, 2014

Alfred M. Pollard, Esq., General Counsel  
 Attention: Comments/RIN 2590-AA37  
 Federal Housing Finance Agency, Fourth Floor  
 400 Seventh Street, S.W.  
 Washington, DC 20024

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

Dear Mr. Pollard:

On behalf of Union Bank Inc., I am writing to express my concerns about the above-referenced notice of proposed rulemaking. While we appreciate your apparent desire to provide for a strong Federal Home Loan Bank System that supports housing, we believe the rule undermines the goal of the proposal.

This proposed regulation addresses a problem that does not exist. There are no safety and soundness problems at FHLBanks raised by lending to members that may fall below either of these proposed ongoing asset test levels. However, the proposal would impose new regulatory-type burdens and expense on my institution, may put me at odds with my own regulator, and could restrict the flow of capital into the communities we serve.

Further, this regulation will have the unintended consequence of putting FHLBank members in a position of having conflicting regulatory burdens. For example, our regulator says we should hold fewer long-term mortgages on the bank's balance sheet, but this rule may encourage us to add long-term mortgages just to meet the test and retain FHL Bank membership.

Lastly, our regulator requires a reliable source of contingent liquidity. For us, this has always been our Home Loan Bank. With this rule, I'm concerned our regulator will not consider the FHLBanks reliable and may require another, more expensive, liquidity source.

Based on our belief that the proposals could harm FHLBank members and generally weaken a System that has worked well for more than 80 years, we ask that the FHFA withdraw the September 12, 2014 Notice of Proposed Rulemaking.

Respectfully,

Tim Aiken  
 President / CEO

