

THE
CORNERSTONE
BANK
Incorporated in 1898

November 12, 2014

Alfred M. Pollard, General Counsel
Attn: 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 Vice President/Chief Lending Officer of The Cornerstone Bank. Our institution provides lending across all of our community with a focus on all of the credit needs in our community. We rely on the FHLBDM to provide funding for us to be able to compete with the larger institutions and to provide lending needs of the smaller borrowers of our area that are not serviced adequately by the larger institutions. Current regulations have been a major drain on the resources of a bank our size. This in turns hampers our ability to service our customer base. Our bank is current \$130M in size and loans of \$92M. We currently operate 4 branches and have approximately 50 employees.

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. Confidence, trust and reliability comprise the bedrock upon which our long-time FHLB membership is built. 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.

Access to advances is critically important to our bank because FHLBank liquidity allows us to offer competitive rates to our members that we might not otherwise be able to offer. **This is our main liquidity source in times of need.** Additionally, having a credit line and borrowing capacity with FHLB Des Moines promotes the safe and sound management of our institution.

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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 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.

Sincerely,

A handwritten signature in black ink that reads "Jim Armstrong". The signature is written in a cursive, flowing style.

Jim Armstrong
Vice President/CLO
The Cornerstone Bank