



November 13, 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:

Please accept this letter as an indication of my deep concerns with the proposed rulemaking regarding membership eligibility in Federal Home Loan Bank (FHLBanks) put forward by the Federal Housing Finance Agency (FHFA). The proposed changes are not consistent with Congressional intent and the Federal Home Loan Bank Act (FHLBank Act).

I am the President and CEO of Legacy Bank and Trust Company which is headquartered in Rogersville, Missouri. We have three other locations located in southwest Missouri and we have roughly 50 employees. Our bank is nearly \$125 million in assets. None of our locations in which we operate have a population greater than 4,000. Yet, we staff each location with at least one seasoned lender that makes all types of loans.

Our loan portfolio consists largely of ag real estate loans. Our region has a heavy concentration of beef cattle farmers which require large acreage for their cattle to feed. In most instances, the borrower's primary residence is on their acreage. However, these loans are reported on the call report in Schedule RC-C line 1b – Secured by Farmland. Under the proposed rule change, these loans would not count toward our membership test of maintaining a certain percentage of our assets in first-lien home mortgage loans (Schedule RC-C line 1C2a).

It is my understanding that the proposed Regulation is intended to reinforce the FHLBanks core mission of serving as a reliable source of liquidity for their member institutions in support of housing finance and community lending. It is naïve to assume that all housing is made up of ranch style homes located in a platted subdivision in urban markets. The markets we serve do not look that way. Thankfully, our Bank is nearly 100% loan to deposit in the markets we serve. We absolutely need our relationship with FHLB Des Moines to provide us with the additional liquidity that we can lend back in to our markets. FHLB has

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provided us with short-term liquidity as well as long term fixed rate advances that are necessary for us to be able to compete with FCS. FCS already holds a tremendous advantage over our bank due to their tax status and the proposed regulation could further tie our hands behind our back if we would lose any access to FHLB. There are already collateral pledging requirements that insure that we are making home loans and ag loans in our markets. It is completely unnecessary to create the proposed rule and limit not only our Bank, but any bank's access to FHLBanks.

Without access to our FHLBank, the credit available to communities in our region will be unnecessarily impacted. We believe this proposed rule is a solution in search of a problem. Because the proposed rule outlines no safety and soundness concerns-and because there is no legitimate public policy goal of the proposed rule- Legacy Bank and Trust strongly recommends that you withdraw the proposed rule. Thanks for taking our comments into consideration.

Sincerely,



John Everett
President and CEO
Legacy Bank and Trust