



November 21, 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 Commercial Bank, of which I am President, I am writing to express our concerns regarding the notice of proposed rulemaking stated above. While we appreciate your apparent desire to provide a strong Federal Home Loan Bank system which supports housing, we believe the rules undermine the goal of the proposal. I've had the opportunity to visit with a number of my Board as well as Executive Committee members. I'd like to sum up some of the comments heard from those discussions.

It seems this rule has the potential to restrict access to liquidity at the exact time when more, not less, liquidity is needed in a recovering market. While depository institutions are flush with deposits today, it's been noticed and evident over the last six years that has not necessarily been the case and the Federal Home Loan Bank came to the aid of many community banks.

We'd also like to point out that for over 25 years Congress has made it clear that community federal institutions such as our bank may use advances for purposes other than residential housing finance. We believe it still remains the intent of Congress today that banks such as Commercial Bank may utilize the Federal Home Loan Bank liquidity units for commercial loans, small business loans, agriculture and operating loans. This fact alone highlights how important this rule is. This, I believe, had a very strong and positive effect on a number of community banks surviving the most recent banking recession.

The testing that's outlined may be more of an overkill. Banks are already under pressure to various testing that has already been put in place under current guidelines.

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It also seems that this proposal circumvents the will of Congress and that concerns us and may concern us the most. We feel this is something that needs to have further discussion and further review before changes are made at the Federal Home Loan Bank membership level. There are a number of other items we could discuss, but in general it appears that this rulemaking would diminish the value of the Federal Home Loan Bank membership. This is something that time will tell, but this ruling seems to be full of unintended consequences. This makes it disheartening for us to accept.

Access to the Federal Home Loan Bank advances is important to our bank and we would like not to see this action take place. Commercial Bank strongly recommends that you rescind the proposed rule. We thank you very much for allowing us to provide comments and your consideration of this letter. On behalf of my executive team I thank you for your time.

Respectfully,



Bradley R. Purcell
President, Commercial Bank
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St. Louis, MO 63146

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