People's Bank of Seneca
Member FDIC

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December 1, 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:

I am writing to express my concerns about the notice of proposed rulemaking. While I appreciate your shared desire for a strong Federal Home Loan Bank System that supports our communities and housing, I believe the rule undermines the goal of the proposal and is not consistent with Congressional intent and the Federal Home Loan Bank Act.

I am the President and CEO of People's Bank of Seneca, a minority owned community bank headquartered in Seneca, Missouri. Our bank is owned by the Eastern Shawnee Indian Tribe of Oklahoma. We have one other location located in southwest Missouri with approximately 30 employees. Seneca has a population of 2,200 and borders the state of Oklahoma. The total asset size of our bank is $128 million. We are able to compete because of the Federal Home Loan Bank – plain and simple. In 2010 we began providing fixed rate home loans through the MPF program because we could not get Chase Mortgage to have any common sense when it came to appraisals in rural markets like the one we serve. Not every community is made up of ranch style homes located in a platted subdivision. Because of the MPF program our hard working middle class families can enjoy the same benefits as those in any other large retail market. Today we service $30 million in home loans through this program – this may not sound like much but when the average home in your market is valued at less than $100,000 it is a difference maker for both the bank and the family that has borrowed the funds.

The Federal Home Loan Bank provides us with short-term liquidity as well as long term advances that are necessary to allow us to compete on long term commercial real estate financing. Our portfolio is fairly diverse but our region has a concentration of beef cattle and dairy farmers which require considerable acreage for their cattle to feed. In almost every instance the borrower's primary residence is on the acreage. However, 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.

Our Bank recently went through a CRA exam to insure we are making home loans in our market. I believe it is another form of additional regulatory burden on banks to propose a rule that would require more testing. My Bank will get no credit for supporting housing with mortgages we sell into the secondary market through the MPF program. If we were to lose membership we would lose access to the vital program that directly supports housing. This result is entirely opposite of the proposal's stated intent.

Without access to our FHLBank the credit available to our community will suffer. The government should be looking for ways to help the economy, not impose a rule that could restrict the flow of credit to communities like ours. I would respectfully request that the FHFA withdraw the proposed rule.

Sincerely,

Deron Burr

Deron J. Burr
President / CEO
People's Bank of Seneca