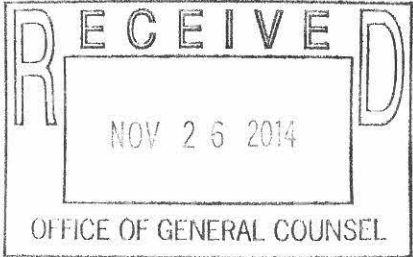




MERCHANTS & FARMERS BANK

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency
400 Seventh Street SW, Eighth Floor
Washington, D.C. 20024



Re: Notice of Proposed Rulemaking and Request for Comments – Members of FHLBs (RIN 2590-AA39)

Dear Mr. Pollard,

I am Jeff Mullett, Senior Vice President of Merchants and Farmers Bank. Our institution, founded in 1903, operates in four markets primarily in central Missouri. Although our markets differ between rural and metro, and agriculture based versus residential/commercial based, we provide lending across all of our markets to fulfill the borrowing needs of our communities. As such, the proposed regulation on FHLB membership creates many concerns for our community bank.

Specifically, the proposed rule includes significant and unnecessary changes to long-standing membership rules for the FHLBank system. The proposed changes are inconsistent with Congressional intent and the Federal Home Loan Bank Act (FHLBank Act). For these reasons, Merchants and Farmers Bank opposes this proposed rule in the strongest possible terms.

It is important to note that more than 25 years ago, Congress made it clear that community banks such as mine may use advances for purposes other than residential housing finance. It remains the intent of Congress today that community banks may utilize FLHBank liquidity for commercial real estate, agriculture real estate, agriculture operating, and small business loans. This alone reveals how this proposed rule is in contrast to existing federal statute.

The FHLB Des Moines serves as a critical source of liquidity for community banks across the Midwest. It has proven to be a reliable and competitive source of liquidity for all of our funding needs in all economic environments. This rule, if adopted, would give rise to uncertainty that the FHLB Des Moines could be counted on to be a continued reliable source of liquidity in all market conditions.

Your agency’s proposed rules could fundamentally change how, or even whether, a community bank such as ours could remain a member of a 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.

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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 with 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,



Jeff Mullett

Senior Vice President

Merchants and Farmers Bank