

First Bank of Highland Park

December 4, 2014

Randy L. Green
PRESIDENT / CHIEF EXECUTIVE OFFICER

Alfred M. Pollard, Esq., 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; Request for Comments – Members of the Federal Home Loan Banks

Dear Mr. Pollard:

First Bank of Highland Park welcomes the opportunity to comment on the proposal referenced above. We are concerned that the proposal may limit our access to FHLB services that are important to us for managing liquidity risk and interest rate risk.

First Bank of Highland Park is a \$1.2 billion community bank with two locations serving the north suburban Chicago market. We maintain a focus on our local market and achieve satisfactory CRA ratings. We are an important local source of residential real estate, commercial real estate and small business lending. Our limited branch network makes it important for us to have access to funding sources that are both readily available and effective in managing the duration of our liabilities. FHLB advances offer these features and enable us to minimize the use of brokered CDs.

Since the financial crisis, our regulator, the FDIC, has emphasized liquidity planning in an effort to prevent another crisis from occurring. The FDIC is also concerned about the amount of interest rate risk developing in the banking system due to the very low rate environment. At the same time, the FDIC does not take a favorable view toward any reliance on brokered CDs. FHLB advances are the only effective alternative resource available to us to offer liquidity at the maturities we need to manage the current environment. The proposal may prompt the FDIC to criticize our inclusion of FHLB advances in our ongoing and contingent liquidity plans.

On the whole, the proposal casts a cloud of uncertainty over our FHLB membership and access to valuable risk management tools. Any proposals that appear to threaten this strategically important resource are a concern for us.

We appreciate the consideration of our views.


Sincerely,



Randy Green
President
First Bank of Highland Park

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MEMBER FDIC

EQUAL HOUSING LENDER 

NMLS# 421795