



December 15, 2014
Cornerstone Bank
529 Lincoln Avenue
P.O. Box 69
York, Nebraska 68467
Phone: 402-363-7411
Fax: 402-362-3249

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 FHLBanks (RIN 2590-AA39)

Dear Mr. Pollard:

I am writing to express deep concerns about the notice of proposed rulemaking regarding membership in the Federal Home Loan Banks (FHLBanks) that the Federal Housing Finance Agency (FHFA) recently issued. The proposed rule includes significant and unnecessary changes to long-standing membership rules for the FHLBank system. The proposed changes are also inconsistent with Congressional intent and the Federal Home Loan Bank Act (FHLBank Act). For these reasons we oppose the proposed rule and ask you to withdraw it.

We are concerned about the adverse impact the proposed rule could have on our \$1.4 billion institution as well other financial institutions in our region. We strongly oppose the notion of financial institutions managing their balance sheets to the demands of a regulation. We're also aware that the rule could result in fewer members of FHLBank Topeka. This could lead to a smaller FHLBank with fewer assets, reduced profits, lower retained earnings, a decreased value of capital stock, and fewer dollars available for the Affordable Housing Programs.

We believe policymakers should look for ways to bolster economic activity by encouraging financial institutions to increase sound investments as well as responsible lending. FHFA's proposed rule would inhibit these activities and would undermine the recovering U.S. economy.

Access to FHLBank advances is important to financial institutions like ours. Borrowing from the FHLBank Topeka is very important to meet the needs of all our loan customers during times during the year and provides us with a source to fund long term loans as well. The membership requirements now being proposed by FHFA would change long-standing requirements that have worked well, and the proposed rule would ignore the collateral expansions approved by Congress over time. Because the proposed rule outlines no safety and soundness concerns – and because there is no legitimate public policy goal of the proposed rule – we strongly recommend you rescind the proposed rule. Thank you for taking our comments into consideration. If you would like additional information on this topic and our thoughts please contact me at 402-363-4717.

Sincerely,

A handwritten signature in black ink, appearing to read "Daryl Wilton", written over the word "Sincerely,".

Daryl Wilton
Senior Vice President-Lending