

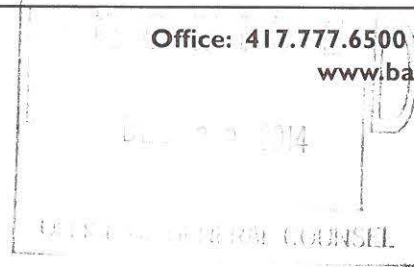


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December 12, 2014

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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:

I am writing to express my concerns about the changes proposed for membership in the Federal Home Loan Bank system. While I appreciate your desire to provide for a strong system that supports housing, we believe the rule undermines the goal of FHLB.

I would like to take the opportunity to provide you with my first experience with FHLB. We were starting a de novo bank in 1997, and at that time you could obtain membership on the front-end if you applied for membership. We started our bank in a town of 10,000 people in a mobile home. Our total assets on the day we opened were \$3 million. We began making several loans, with many of those being residential mortgage loans. As we grew, it became very apparent that membership in FHLB became a very important asset for us to grow our balance sheet. It became a reliable source of liquidity due to our strong loan demand which was extremely important during those early growth years. Today, we have five locations with assets in excess of \$200 million and availability with FHLB of \$42 million. We currently have outstanding borrowings with FHLB of approximately \$3 million. In the current environment, we are not as dependent on FHLB but we would not be where we are today without the availability of funding from the FHLB.

Based on my belief that the proposals could harm FHLB members and generally weaken a system that has worked well for more than 80 years, we ask that the FHFA reconsider the September 12, 2014 Notice of Proposed Rulemaking. The government should be looking for ways to help the economy, not impose a rule that could restrict the flow of credit to rural communities like mine across America.

Sincerely,

Brad Gregory
President

