Country Club Bank®

January 11, 2015

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:

On behalf of Country Club Bank, I am writing to express my thoughts about the referenced notice of proposed rulemaking. While we appreciate the desire to provide for a strong Federal Home Loan Bank System that supports housing, we believe the rule could undermine the goal of the proposal.

The following issues give me pause and reservation about adopting the proposed rule:

1. It seems this rule has the potential to restrict access to liquidity at the exact point in time when more, not less, liquidity might be needed in a different market. While many depository institutions are flush with deposits at the current time, most observers believe that this may change when interest rates inevitably rise.

2. This rule would have a different impact in different market conditions. Before the FHFA takes additional steps on this proposal, it should analyze and publish a report on how such a test would have impacted the economy and financial institutions had it been in effect during the financial crisis.

3. My regulators require a number of reliable sources of contingent liquidity. One such source for us has been the Federal Home Loan Bank (in our case, FHLB-Des Moines). With this rule, I'm concerned that regulators will not consider the FHLBanks the reliable source they once were and banks will be forced to turn to other, more expensive, liquidity sources.

P.O. Box 410889 • Kansas City, MO 64141 • 816/931-4060 • www.countryclubbank.com

4. This regulation could possibly have the unintended consequence of putting FHLBank members in a position of having conflicting regulatory directives. For example, regulators have commented on the concern they have for extension risk as it pertains to interest rate risk (IRR) suggesting that banks may want to hold fewer long-term mortgages on their balance sheets, but this rule may encourage banks to increase their extension risk by adding long-term mortgages just to meet the test in order to retain FHLBank membership.

5. It appears that our institution will not receive credit for supporting housing with mortgages we originate and sell into the secondary market. If our institution were to lose membership in the FHLB system, we would also lose access to the Mortgage Partnership Finance Program, which directly supports housing. This result seems to be at odds with the proposal's stated intention to ensure that FHLBanks are supporting their housing finance mission.

Based on our belief that the proposals *could* harm FHLBank members and even have unintended consequences on the ultimate ability of its members to support the goals of this rule and the overall goals of the FHFA, we ask that the FHFA reconsider the September 12, 2014 Notice of Proposed Rulemaking for further review and analysis and/or at least extend the comment period to accommodate such further analysis.

Respectfully,

Paul J. Thompson

Paul J. Thompson
President
Country Club Bank
1 Ward Parkway
Kansas City, MO 64113