

To: The Federal Housing Finance Board

We at West Alabama Bank & Trust have reviewed the proposed rule concerning the capital structure of FHLBanks published for comment on March 15, 2006. There are concerns regarding the significant implications and the potential for substantial unintended consequences of the implementation of the rule as it currently stands. Given that the current situation is not one of capital crisis, and the potential for negative repercussions, we submit the following requests:

- I) That the Finance Board withdraw the proposed rule and issue an advanced notice of proposed rulemaking (ANPR), extending the timeframe for discussion between the Finance Board and affected parties.
- II) That the rule be modified to take into consideration the risk-weighting of assets held on the FHLBanks' balance sheet. The failure to risk-weight the banks' assets would require the same amount of capital for cash balances as high-risk assets, and could reward banks with risky asset profiles while negatively impacting more conservative institutions.
- III) That the rule be modified to establish a specific transition period for the FHLBanks to achieve their retained earnings requirements.
- IV) That the rule be modified to ensure that during said transition period, no additional limits are imposed on the amount of earnings that can be paid as dividends, so long as the FHLBank has established an acceptable plan for meeting and continuing to meet its retained earnings target and is on schedule to do so.

Thank you for you time and consideration,



A. C. Wade  
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