



# Farmers Mutual of Tennessee

The Farmers Mutual Fire Insurance Company of Tennessee

P.O. BOX 3428 903 NORTH FIFTH AVENUE KNOXVILLE, TENNESSEE 37927 (865) 623-5153

*B: 202-408-2580*

*FX*

*1  
Copies*

July 6, 2006

Federal Housing Finance Board  
1625 Eye St. NW  
Washington, D.C.  
Attn: Public Comments

Gentlemen/Ladies

Our Company, Farmers Mutual Of Tennessee is one of the newer members of the Federal Reserve Board of Cincinnati. We have been very happy with our affiliation thus far and what they offer to smaller Companies like ours.

We are, however baffled by the proposed Capital Rule proposed by the Federal Housing Finance Board. It would seem to take away many of the benefits that we now enjoy, such as being able to buy Capital Stock and receive Dividends, and these stock purchases from the Federal Home Bank of Cincinnati are a source for them to raise capital.

Further more, The Federal Home Loan bank of Cincinnati is a very strong Financial Bank and their ratings at Moody's and S & P attest to that fact. They believe that these new rules would weaken their financial condition, and the "one size fits all rule" earnings formula ignores the risk profile of the Bank.

Maybe these rules would be appropriate if some of these Federal Home Loan Banks were teetering on the brink of Insolvency, but the reasoning for this new rule is lost on most strong banks.

We urge you to withdraw this proposal.

Respectfully yours,

Earl R. Ratledge  
Vice-President

Err/mt