

June 28, 2006

Federal Housing Finance Board
VIA Electronic Mail: comments@fhfb.gov

Dear Members of the Federal Housing Finance Board:

RE: Proposed Rule Concerning the Capital Structure of Federal Home Loan Banks

I have reviewed the proposed rule and would like to ask you to withdraw the proposed rule or to modify it by taking into consideration the risk-weighting of assets held on the Federal Home Loan Banks' balance sheets, establish a specific transition period for the Banks to achieve their retained earnings requirements, and ensure that during the transition period, no additional limitations are imposed on the amount that can be paid as dividends if an acceptable plan is in place for meeting its retained earnings target.

The failure to risk-weight the Banks' assets would require the same amount of capital for cash balances as high-risk assets. The failure to risk-weight their assets could inadvertently reward those Banks with riskier asset profiles while punishing those Banks having safer asset profiles.

Unless the proposed rule is changed, there is not a specific time by which the Banks must achieve the minimum capital requirement and during this period all Banks will have the same percentage limitation on dividends no matter how close they are to meeting the minimum capital requirement. I feel that this would punish the members of those Banks who are already near the required capital limits.

During the transition period, each Bank should be allowed to set its own dividend policy, without restrictions under the proposed rule, if they have a plan in place to meet the minimum requirement and are on course to meet that requirement.

I hope that you will withdraw or modify the proposed rule.

Sincerely yours,

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