



May 8, 2006

The Honorable Ronald A. Rosenfeld
Chairman
Federal Housing Finance Board
1777 F Street, N.W.
Washington, D.C. 20006-5210

By Electronic Mail

Re: Federal Housing Finance Board Proposed Rule: Excess Stock Restrictions and Retained Earnings Requirements for the Federal Home Loan Banks

Dear Chairman Rosenfeld,

On behalf of the Mortgage Bankers Association (MBA), I am writing to request that the Federal Housing Finance Board withdraw the above-captioned proposed rule, published in the Federal Register on March 15, 2006. Our recommendation is that the Board should consider, instead of the proposed rule, a comprehensive approach to its regulation of Federal Home Loan Bank capital.

We are aware of the May 2 letter from the Chairs and Vice Chairs of the twelve Federal Home Loan Banks and we endorse the sentiments expressed in it. We also note that in the March 8 hearing at which the Board passed the proposed rule, your staff indicated that development of risk-based capital standards is a project that is underway.

MBA believes that the proposed rule and the risk-based capital standards being developed should be presented for consideration and comment at one time. The regulatory structure will significantly impact and could even determine the scope of the Banks' activities. MBA does not believe there is a compelling reason for the adoption of the proposed rule at this time and we urge that the Board wait until its development of risk-based capital standards is complete.

Most sincerely,

A handwritten signature in black ink that reads "Jonathan L. Kempner". The signature is fluid and cursive.

Jonathan L. Kempner
President and Chief Executive Officer

CCs: The Honorable Alphonso Jackson
The Honorable Alicia R. Casteneda
The Honorable Franz S. Leichter
The Honorable Allan J. Mandelowitz
The Honorable Brian Montgomery