

May 23, 2006

TO: Federal Housing Finance Board

FROM: Ellen L. Conley, Treasurer

This is in regards to the recent proposal to revise the Capital Regulations for the Federal Home Loan Banks. Our credit union is a member of the FHLB of Cincinnati, and we feel the Bank is very well capitalized and holds a high rating with Moody's and Standard & Poor's. The Bank has analyzed their balance sheet, with respect to many risk factors and interest rate scenarios. They have concluded that their current level of capital exceeds many scenarios associated with these risks. I feel they have satisfactorily approached these issues for the benefit of us, their members,

As we understand it, this new proposal will force the FHLBanks to decrease their liquidity, will reduce the members' dividends, reduce their overall profitability, and ultimately cause a deterioration of their services. These are issues that credit unions also face, so we believe this new proposal will result in serious consequences for the Bank and its members.

In closing, we are asking the Federal Housing Finance Board to re-examine this "One Size Fits All" approach, and allow the FHLBanks to continue to offer value to its members. Thank you for your consideration.

Ellen L. Conley
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