Fidelity State Bank & Trust Co.
The Fidelity Banks
Member FDIC

Main Bank:
600 S. Kansas Ave.
Topeka, KS 66603

Mailing Address: P.O. Box 1737, Topeka, Kansas 66601-1737
Phone: (785) 295-2100
24-Hour Fax: (785) 233-7571

901 S. Topeka Blvd.
29th & Gage Blvd.
Huntoon & Gage Blvd.
5926 S.W. 21st Street
300 S.W. 29th Street

April 10, 2006

Chairman Ronald Rosenfeld
Federal Housing Finance Board
1625 Eye Street NW
Washington, D.C. 20006

Dear Chairman Rosenfeld:

As regulator for the Federal Home Loan Banks we note that you have issued a proposed regulation on March 15, 2006 entitled "excess stock restrictions and retained earning requirements for the Federal Home Loan Banks." After reading this over I am writing you suggesting that at least a portion of that would be an unwise regulation and possibly adversely affect The Federal Home Loan Bank of Topeka and Fidelity State Bank and Trust Company as a stockholder and borrower from that bank.

Our bank is a stockholding member of that bank owning $454,400 in stock and so far in 2006 we have received dividends of $4,703.73 payable in stock, not in cash. We currently owe them $3,000,000 and have enjoyed the liquidity that this provides us. Your proposed regulation providing that quarterly dividends be limited to 50% of the prior quarter's income if the FHLB is not in compliance with its minimum retained earning requirement at the end of the prior quarter is unduly restrictive.

I have been advised that effective today the FHLB Topeka would not in compliance since they hold approximately $150,000,000 in retained earnings and to be in compliance they would need $239,000,000. This would leave FHLB Topeka short $89,000,000. They have been paying dividends only in stock and not in cash. Therefore, we do not feel that this restriction should apply to them. Fidelity Bank is well pleased with our investment and the dividends payable in stock in FHLB Topeka are allowed to be counted as part of our bank's income for profit and loss statements. We think that the restricting of dividends to 50% of the quarterly income is unduly restrictive and they should be permitted to pay dividends payable in stock rather than in cash if necessary to continue their present dividend ratio.

Very truly yours,

Anderson Chandler

Anderson Chandler
Chairman & President

AC/ba

Copy: Andrew J. Jetter
President & CEO, FHLB Topeka

Internet Address: www.fidelitytopeka.com
E-Mail Address: fidelity@fidelitytopeka.com
24 Hour Telephone Banking: (785) 295-2122