



Van Wert Federal Savings Bank

976 South Shannon Street • Van Wert, Ohio 45891
Phone: 419-238-9662

July 7, 2006

Federal Housing Finance Board
1625 Eye Street, NW
Washington, DC 20006

Attention: Public Comments
Excess Stock Restrictions and Retained Earnings Requirements
For The Federal Home Loan Banks
#3069-AB30
Docket Number 2006-03

Dear Sirs:


Van Wert Federal Savings Bank is a member of the Federal Home Loan Bank of Cincinnati and the Ohio Bankers League. Our institution relies on the Cincinnati Bank for services and also for a reasonable return of the investment we maintain in Class B stock. We are deeply concerned that the proposed rule is at best unnecessary, and potentially very damaging to the Cincinnati Bank, its mission and our ability to serve our customers. For reasons described below, we respectfully urge the Federal Housing Finance Board (FHFB) to withdraw the proposed rule for further consideration.

The proposed rule:

- 1) Limits the amount of stock the Federal Home Loan Banks may carry, in spite of the fact that it is considered permanent capital under federal law.
- 2) Prescribes a minimum amount of retained earnings, doing so in a way that discriminates and discourages advance borrowings and the successful mortgage purchase programs of the Cincinnati Bank.
- 3) Limits the payment of dividends.
- 4) Precludes the payment of stock dividends, even though Federal law delegates that decision to local banks.
- 5) Will eliminate the Cincinnati Bank's voluntary housing programs and greatly diminish other mandatory housing programs
- 6) Triggers additional taxes for the Federal Home Loan Bank Members.

As a shareholder of the Cincinnati Bank, we respectfully request that you withdraw the Proposed Rule.

Yours truly,



Michael R. Zedaker
Chairman of the Board