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CARLTON DEVAUGHN
Senior Vice President / Chief Financial Officer

July 11, 2006

Federal Housing Finance Board
Attention: Public Comments
1625 Eye Street, N.W.
Washington, D.C. 20006

To Whom It May Concern:

In regards to your solicitation of comments concerning the proposed excess stock & retained earnings requirements for the various Federal Home Loan Banks in the country, I would like to submit my views.

I understand that safety and soundness is an important issue, however, I don't think that it is in anyone's best interest to treat all Home Loan Banks as if they have a significant number of poor-quality assets and are, therefore, in trouble. My bank relies heavily on the Federal Home Loan Bank of Atlanta to offer programs and products that help us provide funding and services that are vital to our communities. Had it not been for the credit availability provided by the FHLB of Atlanta, many of the loans that we have been able to make to our customers could not have been made. My bank is a small community bank located in a rural area and we would simply not have been able to generate the kinds of deposits necessary to fund many of these loans. We also depend on the dividends paid on the FHLB stock in our portfolio as a source of significant income for the bank.

I think the proposed rule is unnecessary, especially in the case of the Federal Home Loan Bank of Atlanta, which seems to be performing quite well. I would therefore suggest that the proposal be withdrawn, or at the very least, modified to minimize any negative impact on the Home Loan Banks or their shareholders and customers.

Sincerely,


Carlton DeVaughn, SVP
FirstState Bank