



July 10, 2006

Ronald A. Rosenfeld
Chairman
Federal Housing Finance Board
1625 Eye Street, NW
Washington, DC 20006

Re: Proposed rule regarding excess stock restrictions and retained earnings requirements for the Federal Home Loan Banks.

Dear Chairman Rosenfeld:

Corporate One Federal Credit Union is a Corporate Credit Union within the credit union system and appreciates the opportunity to comment on the proposed capital regulations rule published in the Federal Register on March 15, 2006 by the Federal Housing Finance Board (FHFB) that affects the Federal Home Loan Banks (Bank).

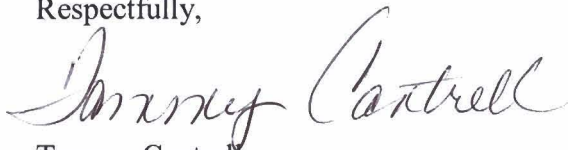
As a Corporate Credit Union, we provide liquidity, investment products, payments settlement and other financial services to member federal and state-chartered credit unions, which in turn have a social responsibility for providing various financial services to its members. Being a Corporate Credit Union and an integral part of the financial structure within the Credit Union system, we understand and believe that a strong capital base is important to financial well-being and an integral part of maintaining confidence in a safe and sound financial institution. Additionally, the cooperative nature that the Credit Union system utilizes for its basic business model is common ground shared between Credit Unions and the Banks.

In our opinion, the proposed rule as written would require a level of capital that would be disproportionate from Bank to Bank and does not take into consideration differences in asset mixes, portfolio management, or other types of risk-weighted factors. The proposed formula for requiring a starting point of \$50 million for each Bank results in varying degrees of capital that may be adequate for some while inadequate for others. The additional capital requirement of 1% of "non-advanced assets" deems all of these types of assets as having the same degree of risk, disregarding the actual risk being born by the Banks. The proposed formula for calculating capital requirements also diminishes the value of cooperative capital by restricting the use of capital stock as a viable tool for capitalizing the Bank's activities. Furthermore, the Banks capital proposal is in direct conflict with other regulators that have adopted the Basel methodology for calculating

appropriate capital levels for the commensurate level of risk. This in affect may put the banks at a competitive disadvantage to other global financial institutions.

Corporate One FCU supports a strong capital structure for the Banks; however, we believe that capital requirements for the Banks should be based on a more practical formula that calls for appropriate levels of capital based on a tiered level of risk that those assets expose onto the Banks. The risked-based formula addresses safety and soundness issues while the Banks grow in size and complexity. Furthermore, we oppose any regulation that would diminish the value of cooperative capital and support the use of capital stock as a way to support mission related activities. For these reasons, we join those who suggest that Federal Housing Finance Board withdraw the proposed rule.

Respectfully,



Tammy Cantrell
SVP, Asset Liability Management
Corporate One Federal Credit Union