



July 10, 2006

Ronald A. Rosenfeld
Chairman
Federal Housing Finance Board
1625 Eye St., NW
Washington, DC 2006

Attention: Public Comments

RE: Federal Housing Finance Board; Proposed Rule; Excess Stock Restrictions and Retained Earnings; RIN Number 3069-AB30; Docket Number 2006-03

Dear Mr. Rosenfeld:

Bank of Idaho is a shareholder in the Federal Home Loan Bank of Seattle and a member of Idaho Bankers Association. As a community bank, we have a mission to provide the communities we serve with products and services to meet the needs of east Idaho, particularly with respect to affordable housing and community investment products.

The Bank of Idaho has a long commitment to our communities in this regard and recently received an "Outstanding" rating from our regulators with respect to CRA.

We are very concerned with the proposed rule on retained earnings and excess stock. We utilize the FHLB as a funding source in anticipation of receiving dividends, either in the form of stock or cash, and price loans to our borrowers accordingly. Although the Seattle Bank has not been able to pay dividends recently, we continue to operate in anticipation of dividend resumption. We believe the Seattle bank has taken appropriate action with respect to its capital plan and had anticipated resumption of dividends under that approved plan.

Should this proposed rule be adopted, we would have no incentive to continue to borrow from the Federal Home Loan Bank since there would be little likelihood that dividend payments would resume in the foreseeable future. Thus, we would not be able to price our loans in anticipation of dividend receipt and the rates to our borrowers would have to increase accordingly.

In these days where home ownership is more difficult than ever due to rising house prices, the imposition of this rule seems contrary to the intent of the FHLB system and substantially changes our view of the value of the Seattle Bank. The current system of allowing the bank management and directors, with oversight by the

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regulators, to determine appropriate capital levels and dividend policy is commercially reasonable and fiscally sound.

Additionally, the approach of the proposed rule which gives preference to retained earnings over paid-in capital is not consistent with our understanding of the Gramm-Leach-Bliley Act of 1999 nor does corporate finance practice create such distinction. As a stockholder of the Federal Home Loan Bank of Seattle, we do not desire nor expect any protection of the par value of our stock. We prefer to have the opportunity of receiving dividends in a manner consistent with the safe and sound practices of the Seattle bank in exchange for considering our stock investment fully at risk.

For these reasons, we urge you to withdraw the proposed regulation for further study and additional input from those affected.

Sincerely,

A handwritten signature in black ink, appearing to read "Park Price", written over a white rectangular area.

Park Price
President

CC: James E. Gilleran, President & CEO, Federal Home Loan Bank of Seattle
Dawn Justice, Idaho Bankers Association
Senator Mike Crapo
Congressman Mike Simpson