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July 11, 2006

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

Attention: Public Comments
RIN Number: 3069-AB30
Docket Number: 2006-03

Please accept this letter as sincere commentary from a community banker regarding the proposed Capital Regulations revisions promulgated by the Federal Housing Finance Board and published in the Federal Register on March 15, 2006.

I am chairman of a $180 million community bank headquartered in Columbus, Ohio, and I have been involved in the Ohio banking industry for over 25 years. My reading of the proposed revisions suggests the authors do not have proper perspective on the absolutely vital role the Federal Home Loan Bank of Cincinnati plays in the daily operation of Ohio's community banks.

The availability of Federal Home Loan Bank borrowings is absolutely crucial to the day to day operation of The Arlington Bank as well as our Ohio banking peers. Every week at our bank's assets/liability committee meeting we discuss the current level and availability of Federal Home Loan Bank borrowings. This is also reviewed by our Board on a monthly basis. The instantaneous availability of reasonably priced liquidity is a critical consideration in our daily operations. In addition, the availability of longer term borrowings from the Federal Home Loan Bank is a key ingredient in the proper structure of our balance sheet management.

Federal Home Loan Bank borrowings are a key balance sheet component for the majority of my Ohio banking peers. I have grave concerns the proposed capital revisions could limit our Federal Home Loan Bank's role as a readily available source of liquidity. In a "perfect storm" scenario, this could have catastrophic consequences for our community banking industry.

Additionally, it would appear the Federal Housing Finance Board's attempts to strengthen the Federal Home Loan Bank system's capital structure are misguided and severely convoluted. The Federal Home Loan Bank of Cincinnati currently has a AAA rating with a Stable Outlook. It obviously does not get any better than this. So it is quite difficult to understand why the Board is promulgating new Capital Regulations which would require the Cincinnati Bank to redeem "excess" stock thereby reducing its capital level and jeopardizing its AAA rating. This makes no sense.

I understand the Finance Board has had issues within its family over the past several years. As Americans, we are all embarrassed by the greed, indiscretions and political maneuvering of

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Fannie and Freddie. And, perhaps, certain Federal Home Loan Banks have taken inappropriate strategic paths. The Board appears to be punishing all for the indiscretions of a few. It makes no sense to jeopardize the rock solid financial strength of the Federal Home Loan Bank of Cincinnati with capital requirements which effectively reduce the bank's net worth. Furthermore, there appears to be little or no real life understanding of the absolutely critical liquidity role the Federal Home Loan Bank system plays in the community banking industry. In my opinion, the Board's efforts are ill advised.

I strongly urge the Finance Board the withdrawal the proposed rule.

Sincerely,

Jim DeRoberts, Partner
Gardiner Allen DeRoberts Insurance

Chairman, The Arlington Bank