




John K. Keach, Jr.
Chairman and
Chief Executive Officer

TO: Federal Housing Finance Board
FROM: John K. Keach, Jr. 
DATE: July 13, 2006
RE: Excess Stock and Retained Earnings

I am writing to voice HomeFederal Bank's opposition to the proposed mandatory increase in the Federal Home Loan Bank of Indianapolis (FHLBI) retained earnings requirement. As a publicly traded community bank, we continue to be under pressure to enhance both our franchise value and our return to our shareholders.

Needless to say, this arbitrary restriction in the FHLBI's dividend payout formula would not be in the best interest of its members. As a former director of the FHLBI, I became very familiar with its operations and management team. Throughout my six year tenure, the Indianapolis Bank was consistently a top performer in all measured categories and I would expect for that to have continued. Having been around this industry for over 30 years, I can honestly say that the management team that President Heger has assembled is second to none.

In conclusion, I would ask that you rescind this proposal and allow the FHLBI to formulate its own capital strategy. One that would not only be in the regulator's best interest but in the best interest of its shareholders and the communities that we serve.

Thank you in advance for your consideration.

JKKjr/lks

501 Washington Street
P.O. Box 408
Columbus, IN 47202-0408

812-373-7816
fax 812-378-4663
www.homf.com