



July 12, 2006

Federal Housing Finance Board
1625 Eye St., N.W.
Washington, DC 20006
Attention: Public Comments

Special Attention
VIA FACSIMILE
202 -408-2580

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

Greetings:

American First Credit Union appreciates the opportunity to comment on the Federal Housing Finance Board's proposed rule published in the Federal Register on March 15, 2006, regarding changes to regulations governing the excess stock and retained earnings of the Federal Home Loan Banks.

At present, the Credit Union uses the FHLB/San Francisco (FHLB) both as a primary funding source for its lending activity and as a purchaser of the Credit Union's real estate loans through the Mortgage Partnership Finance program. Our professional relationship with the FHLB continues to be mutually respectful and profitable.

Accordingly, the Credit Union has several concerns. If enacted, the proposed regulation would significantly change the Credit Union's earnings for the next several years. Both the proposed decrease in dividends paid and the consequent increase in the all-in costs of advances would adversely affect the Credit Union's profitability and its ability to offer competitively priced loans, both consumer and real estate, to its membership and the communities in which it does business. The potential increase in the cost of borrowing from the FHLB could force the Credit Union to reconsider its funding options.

The enactment of the proposed regulation could potentially diminish the value of FHLB membership and impair the Credit Union's ability to appropriately serve its members, communities and employer sponsor groups.

I request that the Federal Housing Finance Board genuinely consider the Credit Union's concerns, withdraw the proposed regulation and issue an Advanced Notice of Proposed Rulemaking.

Sincerely,

Robert Street
President/CEO