

RIVERSIDE BANK

July 12, 2006

Federal Housing Finance Board
1625 Eye Street NW
Washington DC 2006
Attn: Public Comments

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

Riverside National Bank of Florida appreciates the opportunity to comment on the proposed rule from the Federal Housing Finance Board (FHFB) that would change the capital structure of the FHLBanks by requiring a minimum amount of retained earnings and restricting the amount of excess stock that an FHLBank can accumulate. The proposed rule would also prohibit FHLB from selling excess stock to its members or pay stock dividends, as well as restrict FHLB's ability to pay dividends when its retained earnings are below a prescribed amount.


Riverside recognizes that the proposal is intended to enhance the safety and soundness of the FHLBs. However, management at Riverside does not believe that the proposed rulemaking is the best way to achieve that goal. As of March 31, 2006, FHLBank Atlanta had over \$352.0 million in retained earnings, an amount that we believe is sufficient to protect the par value of FHLBank Atlanta capital stock.

For this reason, we suggest that the FHFB withdraw the proposed rule and begin the process of soliciting the views of all the interested parties. The proposal has broad immediate and long term implications to the FHLBs and their members. We are concerned that if the proposal goes forward as proposed, it would cause financial institutions that have other funding options to flee the system for less costly funding as steep dividend cuts raise their all-in cost of funds.

The FHFB has stated that all FHLBs are adequately capitalized. Therefore, each FHLB should be given a reasonable period of time to increase retained earnings if needed, so as not to cause unnecessary disruptions to their business or that of their members.

We ask that the FHFB does not go forward with the rule as proposed.

Sincerely,



Tim E. Brown
EVP/Chief Financial Officer