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July 7, 2006

Federal Housing Finance Board
Attention: Public Comments
1625 Eye Street, NW
Washington, DC 20006

Gentlemen:

I am writing in reference to the Finance Board's proposed rule that would change the capital structure of the FHL Banks by requiring a minimum amount of retained earnings and restricting the amount of excess stock that an FHL Bank can accumulate. I believe this is not only a very important issue for the FHL Banks, but to us as community bankers.

As the CEO of HeritageBank of the South, I am asking that the Board (1) withdraw the proposed rule or (2) modify it to (a) take into consideration the risk-weighting of assets held on the FHL Banks' balance sheets; (b) establish a specific transition period for the FHL Banks to achieve their retained earnings requirements, and (c) ensure that during the transition period, no additional limits are imposed on the amount of earnings that can be paid as dividends, so long as the FHL Bank has established an acceptable plan for meeting and continuing to meet its retained earnings target and is on schedule to do so.

Thank you for considering this important issue to our industry.

Sincerely,

A handwritten signature in cursive script that reads "O. Leonard Dorminey".

O. Leonard Dorminey
CEO