


THE TALBOT BANK
Established 1885

W. Moorhead Vermilye
President

July 12, 2006

Federal Housing Finance Board
1625 Eye Street, N.W.
Washington, D.C. 20006
Attention: Public Comments

RE: Federal Housing Finance Board.
Proposed Rule: Excess Stock Restrictions
and Retained Earnings Requirements for
the Federal Home Loan Banks
RIN Number: 3069-AB30
Docket Number 2006-30

Ladies and Gentlemen:

The Talbot Bank of Easton, Maryland is a member-owner of the Federal Home Loan Bank of Atlanta. Its programs and funding enhance our liquidity, and in turn, benefit our community.

I am writing to express our concern with the proposed rule requiring a minimum amount of retained earnings, and its likely negative impact on member-owner banks.

I respectfully urge the Finance Board to withdraw the proposed rules, or, in the alternative, establish a transition period to achieve retained earnings requirements, provided the Federal Home Loan Bank has established an acceptable plan for meeting its retained earnings target, is on schedule to do so, and that during any transition period, no additional limits be imposed on the amount of earnings that can be paid as dividends.

Thank you for your kind consideration.

Sincerely,



W. Moorhead Vermilye
President & CEO

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