

RIO
GRANDE
SAVINGS



and Loan Association
Serving Southern Colorado
Since 1905

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July 11, 2006

Federal Housing Finance Board
1625 Eye Street, NW
Washington, DC 20006

Attention: Public Comments
RIN #3069-AB3
Docket 2006-03

Rio Grande Savings and Loan would like to comment on the proposed regulation on excess capital stock and retained earnings.

Our FHLB stock dividends currently represent approximately 8% of our total profit for the nine month period just ended, and we depend on these dividends as a stable source of income. Assuming that FHLBanks would be forced to increase the cost of advances to their members in order to immediately increase retained earnings, both sides of our balance sheet would be negatively impacted.

If there is no immediate crisis and all the FHLBanks have capital solvency, it would seem prudent to set a reasonable phase-in period for increasing minimum retained earnings.

It seems likely that FHLB members would begin to seek other sources of funding in order to provide affordable credit in their communities. Is that not the mission of the FHLBanks?

Sincerely,

Judy Bryant
Treasurer

Cc: James R. Turner, President
Heartland Community Bankers Association

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