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July 7, 2006

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

Re: Federal Housing Finance Board – Proposed Rule: Excess Stock Restrictions and Retained Earnings Requirement for the Federal Home Loan Banks.
RIN Number 3069-AB30
Docket No. 2006-03
71 FR 13306 (March 15, 2006)

Dear Sir or Madam:

I write on behalf of the Nebraska Bankers Association (NBA) to comment on the above-referenced proposal. The NBA is a professional, nonprofit organization representing 254 of the 255 commercial banks, 10 of the 16 savings and loan associations, and one trust company in Nebraska.


The members of the NBA are deeply concerned over the impact that the proposal's retained earnings requirement would have on the availability of funding from the Federal Home Loan Banks (FHLBs). If adopted as proposed, the rule is likely to negatively impact the FHLB system, its member financial institutions and the communities they serve. The minimum retained earnings requirement for FHLBs under the proposal will result in less capital being available to provide advances to financial institutions for their lending activities. Many of our member financial institutions rely to a significant degree on the FHLB as a low-cost source of funding and the proposal would have an adverse impact on our member banks.

We are also concerned that the proposal will have a detrimental impact with regard to the payment of FHLB dividends to member banks. These dividends effectively serve to reduce the cost of FHLB advances and reductions in these dividends will negatively impact our banks. Increasing the cost of this funding source will reduce the ability of our banks to competitively price their loans and could result in the loss of business for them.

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Based on the foregoing, we would request that the Finance Board withdraw the pending proposal and issue an Advance Notice of Proposed Rulemaking in its place to allow time for further comment and consideration of modifications if the Finance Board is to move forward on this proposal. Thank you for allowing us to comment on this important issue.

Sincerely,

A handwritten signature in cursive script that reads "George Beattie".

George Beattie

President

george.beattie@nebankers.org

/pra