



Eaton Federal Savings Bank

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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. 2 006-03
71 FR 13306 (March 1.5. 2006)

To Whom It May Concern:

As a member of the FHLB of Indianapolis, I urgently request the Federal Housing Finance Board to withdraw the above cited proposal and instead issue an Advance Notice of Proposed Rulemaking. The Federal Home Loan Bank System (System) is an important source of funding for my institution and the businesses and consumers we serve. Upon analyzing the current proposal I concluded that its potential negative impact on the Federal Home Loan Banks, their member institutions and their communities is significant, and that the intended benefits are unlikely to be realized. I believe that if adopted as currently proposed, this rule has a great potential to fundamentally alter the direction and makeup of the System for many years to come, and limit the System's ability to adapt to future financial challenges and demands.

I am also concerned that the proposal's one-size-fits-all approach to retained earnings and excess stock is not consistent with the capital requirements by Congress in 1999 in the Gramm-Leach-Bliley Act. Pursuant to that legislation and subsequent Finance Board rulemaking, the twelve Banks spent considerable resources developing capital plans which were approved by the Board. The current proposal negates the years of effort of both the Banks and the Board in the development of these capital plans.

I believe an Advance Notice of Proposed Rulemaking would foster a better dialogue about the issues raised by the proposal among the Board, the Banks, their member institutions and interested members of the public and lessen the possibility of causing irreparable harm to a system that is so critical to the liquidity needs of our banking system.

Thank you for your consideration

Sincerely,

Timothy J. Jewell
President, Eaton Federal Savings Bank