

June 30, 2006

The Honorable Ronald A. Rosenfeld
Chairman
Federal Housing Finance Board
1625 Eye Street, NW
Washington, DC 20006

Dear Ron:

I would like to offer brief comments on the Finance Board's proposal regarding excess stock and retained earnings requirements for the Federal Home Loan Banks. We are a Member of the Cincinnati Bank and have appreciated their role in the marketplace.

While we support the proposal's safety and soundness goals, we believe the limits on capital structure, dividends, and retained earnings may result in unintended consequences in the market.

Some changes may be necessary, but there could be alternatives that would better suit the market. For Example, the Board could consider retained earnings in the context of the broad capital regulation expected over the next year rather than separately. In another case, applying limits to specific asset classes could be an alternative to regulating excess stock.

The Cincinnati Home Loan Bank has been an asset for our region, like others have been in their respective states. As the Board pursues safety and soundness, we ask that any changes maintain a stable market presence for the Banks and their Members.

Sincerely,

A handwritten signature in blue ink that reads "Dave".

DAD/rmw