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MEMBER  
FEDERAL DEPOSIT INSURANCE CORPORATION

June 30, 2006

Federal Housing Finance Board  
1625 Eye Street, NW  
Washington, D.C. 20006

Ladies and Gentlemen:

The proposed regulation, while well intended, will actually weaken the FHLB system. The primary weakness is that the retained earnings formula fails to recognize the differences in asset categories thereby assuming that the risk for all assets is uniform.

The stock dividend elimination would create negative consequences for the member banks without an offsetting benefit. While I recognize the intent of this change, the negatives outweigh the positives for member banks and the system.

Sincerely,

A handwritten signature in black ink that reads "Stan Puckett". The signature is written in a cursive, flowing style.

Stan Puckett  
Chairman & CEO