



July 3, 2006

Delivery via electronic mail to comments@fhfb.gov

Federal Housing Finance Board
1625 Eye Street, N.W.
Washington, DC 20006
ATTENTION: PUBLIC COMMENTS

RE: Federal Housing Finance Board Proposed Rule: Excess Stock Restrictions and Retained Earnings Requirements for the Federal Home Loan Banks RIN Number 3069-AB30, Docket Number 2006-03

Ladies and Gentlemen:

On March 15, 2006, the Federal Housing Finance Board (FHFB) published a proposed rule that would change the capital structure of the Federal Home Loan Banks (FHLB) by requiring a minimum amount of retained earnings and restricting the amount of excess stock that an FHLB can accumulate. This letter sets forth the comments of Four Oaks Bank & Trust Company and Four Oaks Fincorp, Inc. with respect to that proposal. We appreciate the opportunity to be heard on this important matter.

We feel that this proposed rule could impose an economic burden on the FHLB or the member financial institutions by limiting dividends payable, thus rendering the investment in FHLB less attractive and affecting the cost of funding at member financial institutions.

We would like FHFB to consider withdrawing the proposed rule or modifying it to consider a risk-weighting of assets held on the FHLB's balance sheets. We would also like to see a transition period for the FHLB to achieve their retained earnings requirements without impacting planned dividend payments as long as the FHLB has an acceptable plan for meeting and continuing to meet its retained earnings target and is on schedule to do so.

Thank you for your consideration of our comments.

Sincerely,

Nancy S. Wise
Executive Vice President

Chief Financial Officer