

June 30, 2006

Federal Housing Finance Board
1625 Eye Street NW
Washington, DC 20006

Attention: Public Comments
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

This letter will serve as my opposition to your proposed rule regarding excess stock restrictions and retained earnings requirements for the Federal Home Loan Banks.

By imposing these new restrictions, it will more than likely put the AAA rating of the Cincinnati Bank at risk. It also eliminates the tax deferral on dividends, and by recalling the excess stock it will create a tax burden for our Banks.

This new rule also has caused the Cincinnati Bank to temporarily suspend two voluntary programs, one benefiting the Katrina victims (the New Neighbors Program for \$15 million), and the American Dream Homeownership Challenge. It will also affect other affordable housing programs throughout our District by having less membership participation.

I would urge you to withdraw these proposed revisions and consider regulating those Federal Home Loan Banks that need to be regulated.

Thank you for the opportunity to provide input for your consideration.

William Y. Carroll, Sr.
Director, Carter County Bank, Elizabethton, TN
Chairman, SmartBank (I.O.), Sevierville, TN

C: David Hehman, President, FHLBank of Cincinnati
Senator Bill Frist
Senator Lamar Alexander
Congressman Bill Jenkins
Congressman John Duncan