



Bay-Vanguard
Federal Savings Bank

June 23, 2006

Federal Housing Finance Board
1625 Eye Street, N.W.
Washington, D.C. 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 2006-30

Dear Madam or Sir:

As a member-owner of the Federal Home Loan Bank of Atlanta, I am writing to express my opposition to the Federal Housing Finance Board's proposal to issue a new capital regulation for the Federal Home Loan banks. While I support the Finance Board's efforts to address safety and soundness concerns, I believe the proposal, in fact, poses a greater risk to the Federal Home Loan banks, the member-owners and their communities. This proposal should be withdrawn.

If adopted as proposed, the rule is unlikely to improve the safety and soundness of the Federal Home Loan Bank system, but would threaten the ability of the banks to serve their members by providing a cost-effective and readily available source of funding, as well as important affordable housing programs. As a community bank, this proposal will negatively impact my institution's ability to serve our customers and community, while leaving few alternative sources for funding liquidity.

I urge the Finance Board to withdraw the proposal and issue an advanced notice of proposed rulemaking. This will ensure that the owners of the system and other interested parties have the opportunity to provide meaningful input to the Finance Board as it considers changes to the capital structure of the Federal Home Loan Bank system. This is particularly appropriate given the significant effort and cost associated with development and recent implementation of revised capital plans by the Federal Home Loan banks.

Thank you for the opportunity to comment on this important matter.

Sincerely,

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