



THE BANK OF SOPERTON

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JIM L. GILLIS, III
PRESIDENT

June 9, 2006

Mr. Ronald A. Rosenfeld
Chairman
Federal Housing Finance Board
1625 Eye St., NW
Washington, D.C. 20006

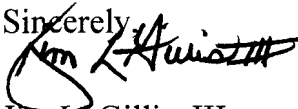
Re: Proposed Capital Rule establishing Excess Stock Restrictions and Retained Earnings Requirements for Federal Home Loan Banks.

Dear Mr. Rosenfeld:

The Bank of Soperton has served our small community since 1903. The Federal Home Loan Bank has partnered with our bank through advances providing vital funding for our bank. The Federal Home Loan Bank has become a critical part of our funding strategy.

We share the concern of other community banks that the requirements outlined in the new proposal may negatively impact the business relationship we now have with the Federal Home Loan Bank. The Bank of Soperton uses the funds obtained through advances to aid in the economic development of surrounding communities. Use of Federal Home Loan Bank advances are cost effective methods of funding which we are concerned will be greatly reduced by the capital proposal. It appears that dividends paid by the FHLB will also be reduced by this proposal. The loss of the cost effectiveness of this funding would cost small community banks such as ours a loss of business as we would no longer be able to offer the same competitive rate pricing. The use of this funding allows us to compete with the larger banks for desirable loans. We appreciate your efforts to insure that the FHLB system is financially sound but we feel the loss of this type of funding would negatively impact many community banks and in doing that would also impact the local economies served by our banks.

We appreciate the opportunity to comment on this proposal and hope you will consider modifying the proposal to address these concerns.

Sincerely,


Jim L. Gillis, III
President

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