

HORIZON

June 14, 2006

Mr. Ronald Rosenfeld, Chairman
Federal Housing Finance Board
1625 Eye Street NW
Washington, DC 20006

Re: Proposal to Set Minimum Requirements for Stock and Retained Earnings for Federal Home Loan Banks

Dear Mr. Rosenfeld:

As Chief Executive Officer of a community bank in Northwest Indiana, I have some real concerns about the above mentioned rule and its effect on our local bank and our community.

We feel this proposal will reduce the effectiveness of the Federal Home Loan Banks to achieve their public policy mission of helping the nation's homebuyers and FHLB member's utilization of FHLB credit services.


The proposal ignores the Gramm-Leach Bliley Act fungible capital structure which created permanent FHLBank capital to absorb losses. FHLBank stock is held precisely for this purpose. Under this recent law passed in 1999, stock and retained earnings should be treated equally with respect to losses.

The proposal ignores the concept of risk weighting assets by requiring the same capital levels for all types of assets.

The Board of Directors of Horizon Bank approved a resolution supporting the recommendation that these proposed regulations not be adopted.

I urge you reconsider and rescind this proposal.

Best regards,



Craig M. Dwight
Chairman & Chief Executive Officer