



State Bank OF SOUTHERN UTAH

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June 20, 2006

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

Attn: Public Comments

Re: Federal Housing Finance Board Proposed Rule: Excess Stock Restrictions
and Retained Earnings Required for the Federal Home Loan Banks.
RIN No. 3069-AB30 Docket No. 2006-03
71 FR 13306 (March 15, 2006)

Dear Sir or Madam:

I am the President and CEO of State Bank of Southern Utah. We are a \$520 million dollar asset bank in southwestern Utah and a member of the Federal Home Loan Bank of Seattle. We use the Home Loan Bank as a source of liquidity, and to take down term advances to offset interest rate risk on fixed rate advances we make to small business borrowers and primary home owners.

I am very concerned about the long range implications of the above proposed rule on Excess Stock Restrictions and Retained Earnings Requirements. Our bank has used the Seattle Home Loan Bank for many years now, but if the Board forces the proposed Retained Earnings Requirements I believe it will do serious damage to its ability to be competitive and meet our future needs. Members have made a serious stock commitment to the bank and forcing the additional retained earnings proposed completely ignores the capital plan the Federal Home Loan Banks have previously had approved. Our stock commitments will not go away.

I believe your Board should have a longer time frame for discussion and input before the proposed rule is put forward. Please give us more of a chance for input by withdrawing this proposal and having an "Advance Notice of Proposed Rulemaking".

Thank you for your kind consideration.

Sincerely,

Ronald W. Heaton
President & CEO

Cc: Federal Home Loan Bank of Seattle