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VIA E-MAIL – comments@fhfb.gov

June 26, 2006

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

Re: Federal Housing Finance Board Proposed Rule: Excess Stock
Restrictions and Retained Earnings Requirement for the Federal Home
Loan Banks. RIN Number 3069-AB30. Docket No. 2006-03

Dear Chairman Rosenfeld:

We, the undersigned credit union trade associations, appreciate the opportunity to comment on the proposed rule from the Federal Housing Finance Board (FHFB) that would prescribe a minimum amount of retained earnings and would limit the amount of excess stock that a Federal Home Loan Bank (FHLB) can have outstanding. The proposed rule would also prohibit an FHLB from selling excess stock to its members or pay stock dividends, as well as restrict an FHLB's ability to pay dividends when its retained earnings are below the prescribed minimum. There are over 800 credit unions that are members of the twelve district FHLBs.

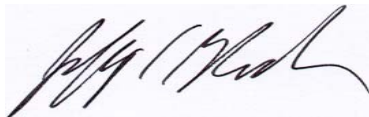
We recognize that the proposal is intended to enhance the safety and soundness of the FHLBs, and we support such efforts. We also recognize that the proposal may result in reduced dividends for members if an FHLB cannot meet the retained earnings requirement, although this would be mitigated, at least to some extent, if the par value of the members' stock can be preserved. The FHLB dividends are an important issue, and we support the ability of the FHLBs to pay dividends, to the extent such action is consistent with maintaining the safety and soundness of the FHLB system.

Although modifications to the FHLB System may certainly be necessary as a means to enhance the safety and soundness of the FHLBs, the changes outlined in the proposal are so significant, and possibly detrimental to the FHLB members. We believe the FHFB should solicit and carefully consider the views of all those that would be impacted by these changes before issuing any specific proposals. For this reason, we suggest that the FHFB withdraw the proposed rule and begin the process of soliciting the views of all the interested parties, including credit unions.

This process can begin with the FHFB sponsoring a series of meetings with the interested parties, which should take place before the issuance of an advance notice of proposed rulemaking that would raise general issues regarding the safety and soundness of the FHLBs. The FHFB may then issue a specific proposed rule that reflects the input of credit unions and others who participate in this process.

We, along with our member credit unions, look forward to participating in the process of developing improvements to the FHLB System, while protecting the FHLBs' ability to pay dividends to member institutions. We are hopeful such a process will help ensure that a significant number of credit unions can continue to rely on the FHLB System as an important source of funding for themselves and for the members they serve.

Sincerely,



Jeffrey Bloch
Senior Assistant General Counsel
Credit Union National Association



Carrie R. Hunt
Senior Counsel/Director of Regulatory Affairs
National Association of Federal Credit Unions