



FIRST NATIONAL BANK
OF WYOMING

June 15, 2006

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Ronald A. Rosenfeld
Chairman
Federal Housing Finance Board
1625 Eye St. N.W.
Washington, D.C. 2006

Dear Mr. Rosenfeld:

I am writing regarding the Proposed Rule regarding Excess Stock Restrictions and Retained Earnings (RIN Number 3069-AB30; Docket number 2006-3). Our bank, First National Bank of Wyoming, located in Laramie, Wyoming is a shareholder in the Federal Home Loan Bank of Seattle. We have been a member for many years and find this a valued relationship. The advances that we utilize have helped us with both liquidity and reducing interest rate risk.


The proposed rule on retained earnings and excess stock would have a negative impact on our bank. Our concern is that if retained earnings are increased, this reduces the dividends available. Accordingly, stock ownership is less attractive and the stock becomes an undesirable non-earning asset of the bank. Building retained earnings to the levels proposed is not acceptable to us. Our view is that retained earnings will never be distributed to shareholders. If dividends were stopped and retained earnings increased to the level proposed, we would then need to reanalyze the benefit of our membership with the FHLB.

The argument that this change increases the safety and soundness of the banking system seems flawed. Whether capital is in the form of retained earnings or stock held by banks is irrelevant to the capital level of the FHLB. The rating agencies appear to look at the total capital level and do not differentiate between retained earnings and stock.

For these reasons, our banking organization is against the adoption of the proposed rule.

Thank you for allowing us the opportunity to express our concerns.

Sincerely;


Daniel G. Furphy
President and CEO