



P.O. Box 189
1854 Midland Trail
Shelbyville, KY 40066
Phone (502) 633-4450
Fax (502) 633-0032
Toll Free (866) 633-4450
www.cubbank.com

Member FDIC
An Equal Housing Lender

June 8, 2006

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

Attention: Public Comments
Excess Stock Restrictions and Retained Earnings Requirements for
The Federal Home Loan Banks
#3069-AB30

To Whom It May Concern:

I am writing to express my concern over the impact of the proposed capital rule on the FHLBank of Cincinnati and its ability to support its housing mission. I represent Citizens Union Bank, a member of the FHLBank. We have partnered with the FHLBank through its Affordable Housing Program, Welcome Home, American Dream Homeownership Challenge, etc. to provide nearly 2,000 units and \$120 million. Further CIP funds have been used to reduce borrowing costs for local churches and economic development projects.

FHLBank funding is often the critical first level of financial commitment to complex housing projects. It helps leverage other sources of public and private funding and brings together the necessary partners and leaders for effective development. The FHLBank's affordable housing programs provide us with a very powerful tool to address the housing needs of customers with limited resources. These customers may be on the threshold of starting new jobs, opening their first business, or making that jump to homeownership to begin building equity for the future.

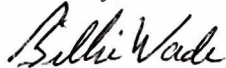
The proposed rule would likely cut our dividends in half, convert previously tax deferred stock holdings into taxable redemptions and cause future dividends to be paid in cash and immediately taxed. The proposal would force the FHLBank to increase retained earnings while at the same time reducing excess stock. In my opinion, capital is capital, so why make Member Banks pay taxes from exchanging one form of capital for another?

I understand that a couple of the Home Loan Banks have experienced financial difficulties recently. The Cincinnati FHLBank has always been well managed, well capitalized, has strong earnings and implemented effective risk and internal control

standards. Why penalize them (and consequently us members) for the problems of others?

The FHLBank has demonstrated its commitment to affordable housing over and above its mandated Affordable Housing Program. The proposed regulation would seem likely to shrink the size of the FHLBank, reduce its profitability, increase costs to our institution, all to no apparent benefit. Why penalize the FHLBank member lenders and our customers? With shrinking state and federal housing dollars available for targeted affordable housing, I strongly urge you to reconsider this restrictive regulation that will result in lower FHLBank profits and, by extension, fewer residents gaining access to affordable housing.

Sincerely,



Billie W. Wade, CPA
President/CEO, Citizens Union Bank
Chairman, Kentucky Bankers Association

BWW/kdd

c.c. Senator Mitch McConnell
Senator Jim Bunning
Representative Ron Lewis
Representative Geoff Davis

Billie W. Wade, CPA
President and CEO



P.O. Box 189
1854 Midland Trail
Shelbyville, KY 40066
Phone 502-633-4450
Toll Free 866-633-4450
Fax 502-647-5151
bww@cubbank.com
www.cubbank.com
Member FDIC
An Equal Housing Lender