



PHYLLIS D. CRAFTON  
SR. VICE PRESIDENT



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Federal Housing Finance Board  
1625 Eye Street, NW  
Washington, DC 20006  
Attn: Public Comments

Re: Proposed Excess Capital Stock  
Retained Earnings Rule

To Whom It May Concern:

As vice president of a community bank in Western Kentucky, I have some real concerns about the above mentioned rule and its effect on both our local bank and our community.

As a community bank we have been fortunate to have available the many programs offered by the Federal Home Loan Bank of Cincinnati. Over the past several years we have been able to make and sell fixed rate residential loans to the Bank, which has enabled us to keep our interest rate risk at desirable levels. And, as a stockholder, we have been fortunate to have the tax advantages of the stock dividends received to date. Yes, we think both of these programs would be in jeopardy if you apply the proposed rules to the Cincinnati Bank. We think the Federal Home Loan Bank of Cincinnati is a conservatively run, well capitalized institution, which should not be penalized because of the conditions at other Federal Home Loan Banks.

However, our biggest concern is for the many community programs made possible because of the Federal Home Loan Bank of Cincinnati. Through our membership in the Federal Home Loan Bank of Cincinnati two organizations here have been helped considerably by the Bank this past year. We were able to obtain housing grants to help five families obtain housing through Habitat for Humanity. Also, through our membership, a \$500,000 grant was recently awarded to the Womens' Addition Recovery Manor of Henderson (WARM), which will aid in the construction of this much needed \$4,000,000 facility.

At a minimum, we fear these programs will be suspended, while the proposed increases in capital are achieved, and we are concerned that the changes could be permanent.

Thank you for your consideration.

Sincerely,

Phyllis D. Crafton  
Sr. Vice President

*Committed to You!*