



Hometown Roots. Worldwide Capabilities.

May 10, 2006

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

Attn: Public Comments

Dear Sir:

Over the past 15 to 20 years we have come to rely on the Federal Home Loan Bank to help Fahey Bank help Marion, Ohio. The FHLB help has come in the way of advances to support our lending the Marion area. It has also come in the way of letters of credit to support local tax money staying in the county to help Marion County sustain itself.

In addition we have requested grant money from FHLB to help those trying to purchase a home, and have used Community Investment Program advances, and Economic Development advances to retain businesses in the area.

The proposed regulation issued March 15, 2006 by the FHLB seemingly will have a negative effect on the FHLB and Fahey Banks ability to continue to encourage businesses and individuals to stay in Marion, Ohio area.

In FHLB's attempt to protect the par value of the Federal Home Loan Banks stock, the regulation would reduce the economic value of FHLB stock because of the following:

1. Substantially lower dividend rates during the transaction period.
2. We would lose the tax deferral of dividend payments.
3. The repurchase of excess stock could trigger tax consequences for owners/members.
4. Eliminates the cooperative capital plan and FHLB's ability to efficiently deploy member's capital stock.
5. Reduction in FHLB's capital stock, assets, and profits would make less funds available for the affordable Housing Program and other Housing Programs.

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6. Would increase member's all-in cost of advances during the transition period of lower dividend rates if activity stock purchase is required.
7. Could result in a ratings downgrade due to reduced levels of liquidity, capital, and profitability.
8. Could ultimately require higher activity stock requirements as part of our capital plan.
9. Reduction in liquidity balances resulting from the proposal could affect the terms and availability of advances members now rely upon.
10. Regulation may have a disproportionate effect on community banks who hold relatively more advances and capital stock compared to large members.
11. Reduces the ability of the local Board of Directors to oversee the affairs of the FHLB Bank.
12. In its attempt to protect par value, the regulation would reduce the economic value of FHLB Bank stock.

In summary, these proposed regulation would negatively impact Fahey Bank and all community Bank's that are members of the FHLB and those that could join. It seems a few of the FHLBs have exceeded what the FHFb thinks they should be doing. Stop the questionable activity, but please do not change something that nearly 8,000 Bank's in this country rely on to develop their communities.

Please think through the consequences of your regulations.

As always, I appreciate your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "William F. Bostelman", with a long horizontal flourish extending to the right.

William F. Bostelman
Executive Vice President