

6/8/06

To: Federal Housing Finance Board

From: Mark W. Schifferdecker, President & CEO
Girard National Bank, Girard, KS

The purpose of this email is to provide comments to FHFB's issued proposed regulation on excess capital stock and retained earnings related to FHLBanks.

The Girard National Bank is a \$290 million community bank located in 9 rural markets of Kansas. As such, we rely heavily on the FHLBank Topeka for funding, liquidity and the MPF program. We have approximately \$19 million (> 7% of total funding liabilities) borrowed from the FHLBank.

We respectfully request you consider the following:

1. Stock dividends should not be prohibited.
2. Limits on excess stock should be studied with member input.
3. There should be reasonable phase-in periods.
4. Retained earnings for money market assets should be reduced.
5. There should be no dividend restrictions imposed.
6. The proposal will have serious consequences to the participation of members in the MPF and MPP programs.
7. The proposed rule should be withdrawn so that the capital issues can be studied with membership input.

Thank you with the opportunity to provide these comments.

Respectfully submitted,

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