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Our bank is a shareholder in the FHLB of Topeka. As a shareholder, I don't understand why any regulator would want to restrict the valuable ability of the FHLB to issue stock dividends. It has excellent tax advantages to us, and doesn't affect the cash position of the issuing institution. Why would you want to tie their hands like that for no apparent reason? I simply can't see any "safety and soundness issues" involved.

The restriction of excess stock to one percent of assets flies in the face of logic. All it does is provide additional liquidity for the bank. I understand the premise that stock is not permanent capital, but it is capital none the less and the more, the better. Please rethink this.

One last thing, you are requiring dividends paid to be restricted to earnings for the quarter. As I remember, the whole industry when to GAP decades ago. Isn't this a step backward. As a shareholder, I need to be able to budget the expected dividend income stream. This will cause volatility where it isn't needed.

Oh yes, give them some time to phase this in. None of them will probably meet the capital requirement at first, and you will really hamper dividend payments to us, the users and owners.

In conclusion, I understand the underlying premise of the regulation, but it is too restrictive and needs to have some common sense sprinkled into it.

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