

June 6, 2006

Federal Housing Finance Board,

My name is Eric Eishen. I am the President/CEO of a State Savings Bank in Michigan (Sturgis Bank & Trust Company). We were founded in 1905 as a Building & Loan Association to help finance the housing needs in our small town. We continue to focus on this mission. I hope you will reconsider the proposed rules for the FHLB system. The FHLB of Indianapolis has served us very well over the past several years. Their product offerings have been critical to my mission. The proposed changes will negatively impact my ability to meet the housing needs in my community. Attracting deposits, for small institutions, continues to be a major challenge. Without the ability to use FHLB advances, we would have to curtail lending. You are very aware of the economic impact caused when a bank needs to curtail lending. I am also very concerned with the impact your proposed regulation would have on my investment portfolio. My FHLB stock is a very significant portion of this portfolio. If these proposals pass I have little doubt the accounting industry will require us to impair this item. This could have a very significant impact on my bank. It could be the single item that caused my bank or other small banks to seek a sale of the institution. Small banks are working very hard to maintain our independence. Every small impact on our earnings and capital are reviewed by market and those shareholders that wish to have the price premium created by a takeout. Small institutions are the most in touch with the needs of their communities. The entire community suffers each time we lose a community bank. The financial impact to the community is extensive. I have witnessed the impact of the sale of two local banks in Sturgis. The community is not better as a result.

Sincerely,

Eric L. Eishen
President/CEO
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