



Fidelity State Bank & Trust Co.

The Fidelity Banks

Member FDIC

Main Bank:
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Topeka, KS 66603

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May 18, 2006

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

Re: Federal Housing Finance Board. Proposed Rule: Excess Stock Restrictions and Retained Earnings Requirements for the Federal Home Loan Banks. RIN Number 3069-AB30. Docket Number 2006-03.

Dear Sir or Madam:

This letter is in response to your request for comments on the March 15, 2006 proposed regulations. This bank has \$454,400.00 invested in stock in the Federal Home Loan Bank of Topeka, Kansas and are pleased with the dividends we receive on that stock. We have borrowed from them and owe \$3,000,000 to them at present. We like the way the FHLB Topeka is run and the service they give. In short, "if it ain't broke don't fix it."

In our opinion stock dividends of FHLB should not be prohibited. Our regulators allow us to treat stock dividends as income, and the conservative stock dividends we receive meet our income needs. Why limit the amount of excess capital stock anyway. I have been in the banking business since 1948 and have never been hurt by a customer having too much equity capital. I have many cases of losing money when a borrower did not have enough equity capital. If there must be a limit on excess capital stock the 1% of FHLB total assets is much too low.

There should be a reasonable phase in period to meet the new regulations, and the proposed rule to limit dividends to 50% of net income immediately would significantly hurt our dividend income as a member. The regulations could provide a more lenient REM equal to \$50 million plus 1/2% of money market assets and 1% of non-advance, non-money market assets.

Finally, a dividend limitation should be applied for a full calendar year considering income and dividends for the full and not a snap shot of each calendar quarter by itself.

The Federal Home Loan Bank of Topeka is well run and services the needs of its members well.

Sincerely,

Anderson Chandler
Chairman & President

AC/ba

Copy: Andrew Jetter, President
FHLB Topeka

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