

Citizens Federal Savings and Loan Association of Covington



June 5, 2006

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

ATTENTION: Public Comments,
Proposed Rule: Excess Stock Restrictions and
Retained Earnings Requirements for the Federal Home Loan Banks

Dear Federal Housing Finance Board:

The Board of Directors of Citizens Federal Savings and Loan Association of Covington Kentucky has reviewed the "Federal Rule: Excess Stock Restrictions and Retained Earnings Requirements for the Federal Home Loan Banks" and believe it will adversely impact our ability to compete in our community.

Citizens Federal is a small mutual thrift with a loan to deposit ratio of 112% and a total loans to asset ratio of 79%. All loans made by Citizens Federal are within a 50 mile radius of our Covington office.

The Federal Home Loan Bank of Cincinnati's liquidity and long term advance window allows us to manage our cost to compete in a market with much larger community banks, national banks and credit unions. The Federal Home Loan Bank loan purchasing program gives Citizens Federal a partner in helping to manage interest rate risk and the ability to keep interest rate costs manageable.


433 Madison Avenue
P.O. Box 508
Covington, KY 41012
Tel: 859-431-0087
Fax: 859-431-0089

The FHLB's tax deferred stock dividend allows those dollars to remain in the community for additional lending.

We respectfully urge the withdrawal of the Federal Housing Finance Board's proposed rule "Excess Stock Restrictions and Retained Earning requirements for the Federal Home Loan Banks".

Signed,

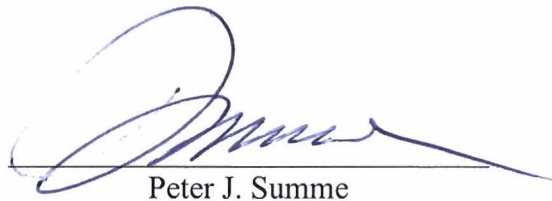
Board of Directors
Citizens Federal Savings and Loan Association of Covington Kentucky


Thomas J. Anderson


David H. Schroeder


Don J. Beckmeyer


William J. Farrell


Peter J. Summe

cc: David H. Hehman, President
Federal Home Loan Bank of Cincinnati