



Member of Third Street Bancshares, Inc.

May 25, 2006

FEDERAL HOUSING FINANCE BOARD

1625 Eye Street NW  
Washington, DC 20006

Attn: Public Comments

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

Settlers Bank is a member of the Federal Home Loan Bank of Cincinnati, the Ohio Bankers League and the Community Bankers Association of Ohio. I have read several position papers addressed to the Federal House Financing Board by these and other entities regarding the above referenced rule. I agree with the positions taken in these letters and am not going to delineate these positions item by item. The purpose of my letter is to inform you of the affect that these proposals, if promulgated upon the Federal Home Bank of Cincinnati, will have on Settlers Bank and our customers in Marietta, Ohio.

Settlers Bank was founded in July 1999 as a true Community Bank to fill a void in Washington County, Ohio which the founders of the bank felt had occurred due to mergers and acquisitions which resulted in financial institutions controlled and directed by entities located outside Washington County. Because of our past experience with the Federal Home Loan Bank of Cincinnati, one of the first actions of the Board of Directors at Settlers Bank was to become a stockholder of the Federal Home Loan Bank of Cincinnati to utilize the services and products available to FHLB members. Our membership in the Cincinnati Bank was an integral part of our business plan. As a de novo bank it gave us opportunities to borrow funds; offer a fixed-rate mortgage program; participate in housing programs which greatly benefit our low income customers and make, what we consider, a very sound investment in Cincinnati Bank stock that returns to us a reasonable and tax-free stock dividend. Having said all this, I believe the proposed rule will greatly limit and hinder the opportunities stated above which are important to us as a community bank, and subsequently to our customers and community we serve.

As a critical vendor, we regularly examine the financial status, products and services of the Cincinnati Bank as part of our Risk Assessment process. While we certainly do not have the resources of the Federal Housing Finance Board, we are puzzled as to the reason the Board has found it necessary to propose the rule. The proposal certainly hints of many past rules that I have seen in my thirty-five years as a community

Post Office Box 755 • 115 Third Street • Marietta, Ohio 45750

Phone: 740-373-9200

Fax: 740-373-9962

Toll free number 877-798-2265

[www.settlersbank.com](http://www.settlersbank.com)

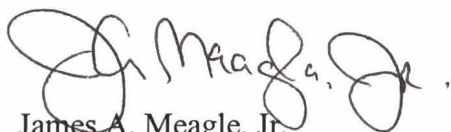
banker that were promulgated for the sins of a few and resulted in punishing the innocent majority.

I can absolutely state that if the Federal Housing Finance Board adopts these rules, Settlers Bank and other community banks like ours who are members of the Federal Home Loan Bank of Cincinnati will be greatly affected and our ability to provide services and products to our customers will be adversely impacted.

We have a saying in Appalachia "If it ain't broke, don't fix it." As we look at the Federal Home Loan Bank of Cincinnati and the proposed rules, we struggle to understand "what's broke"?

On behalf of the Board of Directors of Settlers Bank and the residents of our little area of Appalachia, we respectfully request that you withdraw the Proposed Rule.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Meagle, Jr.", with a large, stylized flourish at the end.

James A. Meagle, Jr.  
Chairman, President and CEO