



May 2, 2006

COUNCIL OF FEDERAL  
HOME LOAN BANKS

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

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 No. 2006-03

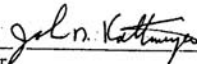
Dear Sir or Madam:

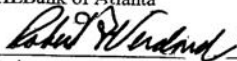
We, the Chairs and Vice-chairs of all twelve Federal Home Loan Banks, are writing to you on a matter of great importance to the Home Loan Banks and their more than 8,000 member financial institutions. The Finance Board has published a proposed capital rule that is of far reaching significance to the Bank System. This proposal deals with the fundamental nature of the concept of capital as it relates to the Federal Home Loan Banks. This issue has already been the subject of extensive legislative consideration and was addressed in the Gramm-Leach-Bliley Act.


We are very concerned about the regulatory approach the Finance Board has taken with respect to this issue. Further, this approach may have substantial and significant unintended consequences and other negative ramifications for the Home Loan Banks, our members, and their communities. We therefore strongly urge that the Finance Board withdraw the current proposed regulation, and instead issue an Advanced Notice of Proposed Rulemaking.

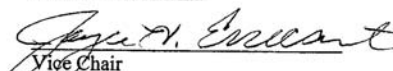
The use of the Advanced Notice of Proposed Rulemaking process will permit the Finance Board, the Banks, member institutions, and the interested members of the public to engage in a meaningful dialogue, prior to the issuance of a proposed rule, to discuss the important issues raised in your proposal, as well as other issues relating to capital and excess stock. We would envision that this process will result in a better and more reasonable way of dealing with the issues raised in your notice.

Sincerely,

  
\_\_\_\_\_  
Chair  
FHLBank of Atlanta

  
\_\_\_\_\_  
Chair  
FHLBank of Boston

  
\_\_\_\_\_  
Vice Chair  
FHLBank of Atlanta

  
\_\_\_\_\_  
Vice Chair  
FHLBank of Boston

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Chair  
FHLBank of Chicago

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*Paul Clabusch*  
Chair  
FHLBank of Indianapolis

*[Signature]*  
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FHLBank of New York

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Chair  
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Chair  
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Vice Chair  
FHLBank of Dallas

*M. K. Sutton*  
Vice Chair  
FHLBank of Des Moines

*Chank T. Lewis*  
Vice Chair  
FHLBank of Indianapolis

*[Signature]*  
Vice Chair  
FHLBank of New York

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Vice Chair  
FHLBank of Pittsburgh

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Vice Chair  
FHLBank of San Francisco

*Craig Dahl*  
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FHLBank of Seattle

*Robert E. Caldwell*  
Vice Chair  
FHLBank of Topeka