

June 29, 2006

To the Federal Housing Finance Board,

Upon reviewing the information regarding the proposal to have FHLB's increase their required level of retained earnings, I feel it is my responsibility to comment to you that I am against passage. It would definitely alter my institution's interaction with our FHLB branch. The proposal imposes a dividend limitation of 50 % of earnings in the event that an FHLBank has not met the proposed retained earnings requirement. This reduction will be at the expense of member earnings and will increase the overall borrowing costs for members. I would therefore hope that this proposal will be withdrawn.

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