

July 3, 2006

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

Dear Federal Housing Finance Board:

First Citizens National Bank and other bankers would negatively be impacted by the proposed rule: Excess Stock Restrictions and Retained Earnings Requirements for the FHLB banks. RIN Number 3069-AB30; Docket Number 2006-03. Please don't go forward with the rule as proposed.

Our FHLB system is very important to community banks such as First Citizens. We depend the FHLB for liquidity, long term funding and other services. We oppose the rule proposed to build retained earnings, limit excess stock and stop paying dividends in stock. We urge the FHFB to withdraw the proposal and reissue it as an Advance Notice of Proposed Rulemaking instead of a Proposed Rule to enable the FHFB to enter a discussion of the proposal with FHLB's, FHLB members and other parties.

FHLB's should continue to have the option to pay dividends in stock, to enable their members to enjoy the tax advantages of that payment form as determined by their capital plan. First Citizens would be materially impacted with the changes on the stock dividends.

Please, we urge your Board not to go forward with the rule as proposed

Sincerely,

Jeff Agee
President