



FINANCE FACTORS, LTD.

Hawaii's Choice for Home Loans

July 12, 2006

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 Requirement for the Federal Home Loan Banks.
RIN Number 3069-AB30
Docket No. 2006-03
71 FR 13306 (March 15, 2006)

Dear Sir or Madam:

Finance Factors, Ltd, urgently request the Federal Housing Finance Board to withdraw this proposal. I do not believe the proposed rule is necessary to protect the Federal Home Loan Bank's (FHLB) capital position as we believe that each of the FHLB's has the ability to determine for themselves their proper level of capital to safely operate their organizations. I also do not believe that all FHLB's are the same and this rule has the effect of treating all FHLB's the same, regardless of their activities and risk parameters.

I believe that this rule will unfairly burden existing members and unfairly reward new members to the FHLB system once the proposed retained earnings levels have been reached. This is due to the fact that existing members will not be eligible for dividends until the proposed retained earnings levels have been reached whereas new members will be eligible for dividends immediately once the satisfactory retained earnings levels are attained.

I, therefore strongly urge the Federal Housing Finance Board to withdraw this proposal.

Sincerely,

Russell J. Lau
Vice Chairman and CEO



MEMBER FDIC
MEMBER FHLB