

SAVINGS BANK

May 9, 2006

Federal Housing Finance Board
1625 Eye Street, NW
Washington, DC 20006

Attention: Public Comments
Federal Housing Finance Board Proposed Rule: Excess Stock Restrictions
and Retained Earnings Requirements for the Federal Home Loan Banks

The Board of Directors ("Board") of Valley Central Savings Bank ("Company") submits the following as our formal comments on the proposed revisions to the Capital Regulations promulgated by the Federal Housing Finance Board ("Finance Board") and published in the Federal Register on March 15, 2006. We would like to thank the Finance Board for giving us the opportunity to comment.

The Company is a small, mutual state chartered savings bank and we have been members of the Federal Home Loan Bank of Cincinnati ("FHLB of Cincinnati") for many years. FHLB stock comprises a substantial portion of the Company's assets.

We are writing to oppose the proposed new capital rules because they may:

- Trigger an unnecessary tax on the Company;
- Cause a deterioration in the current strong financial position of the FHLB of Cincinnati;
- Result in substantial deterioration in the value of our membership in the FHLB of Cincinnati;
- Negatively impact the ability of the FHLB of Cincinnati to provide Affordable Housing services.

We therefore urge the Finance Board to withdraw the proposed rule.

Respectfully submitted,



David R. Flege
Secretary

cc: FHLB of Cincinnati

