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*A Subsidiary of Whitaker Bank Corporation*

June 6, 2006

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

Attention: Public Comments  
Excess Stock Restrictions and Retained Earnings Requirements for The Federal  
Home Loan Banks  
# 3069-AB30

I am writing to express my concern over the impact of the proposed capital rule on the FHLBank of Cincinnati and its ability to support its housing mission. I represent Whitaker Bank (Lancaster Branch), a member of the FHLBank. We have partnered with the FHLBank through its Affordable Housing Program, American Dream Homeownership Challenge to provide 9 units with total funding of \$254,622 for **Garrard County Habitat for Humanity's** Mason Estates Project and scattered sites.

FHLBank funding is often the critical first level of financial commitment to complex housing projects. **This is especially important in small rural agricultural counties like Garrard County that has no major industries to donate funding toward affordable housing.** FHLBank funding helps leverage other sources of public and private funding and brings together the necessary partners and leaders for effective development. The FHLBank's affordable housing programs provide us with a very powerful tool to address the housing needs of customers with limited resources. These customers may be on the threshold of starting new jobs opening their first business, or making that jump to homeownership to begin building equity for the future.

The FHLBank has demonstrated its commitment to affordable housing over and above its mandated Affordable Housing Program. The proposed regulation would seem likely to shrink the size of the FHLBank, reduce its profitability, increase costs to our institution, and all to no apparent benefit. Why penalize the FHLBank member lenders and our customers? With fewer state and federal housing dollars available for targeted affordable housing, I strongly urge you to reconsider this restrictive regulation that will result in lower FHLBank profits and, by extension, fewer residents gaining access to affordable housing.

Sincerely,

Brian D. Smith  
Assistant Vice President