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June 9, 2006

In regards to: Public Comments on Excess Stock Restrictions and Retained Earnings Requirements for the Federal Home Loan Banks #3069-AB30

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

To Whom It May Concern:

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 the AIM Center, a nonprofit organization providing housing services to adults with a mental illness or co-occurring disorder in Chattanooga, TN. My organization has partnered with the FHLBank to provide funding of \$774,700 in rehabilitation and new construction funds for the Belvoir Ridge, Oxford Place, and Family Housing Projects from 2002-2006.

FHLBank funding is often the critical first level of financial commitment to our projects or the additional funding to make a project feasible. It helps leverage other sources of public and private funding and bring together the necessary partners and leaders for effective development. As the highly successful Affordable Housing Program is based on a 10 percent set-aside of annual net profits, we all have a stake in the success and profitability of the FHLBank.

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 its members, all to no apparent benefit. Why penalize the FHLBank member lenders, housing partners and our at-risk client? 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 decent housing.

Respectfully,

Lisa Morris  
AIM Center, Inc.

Bonnie Currey  
*President*

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