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Ms Susan Henlgen  
Caritas House, Inc.  
P.O. Box 365  
Morgantown, WV 26505

December 23, 2003

Congressman Alan Mollohan  
2302 Rayburn Building  
Washington, DC 20515

Dear Congressman Mollohan:

The Federal Home Loan Bank System plays a vital role in providing affordable housing across our region and across the United States. Federal Home Loan Banks (FHLBanks) and their members are the largest source of residential mortgages and community development credit in the United States and remain critical to the success of the nation's housing sector. In addition, the FHLBanks are the largest private sector source of grants for low- and moderate-income housing, having given over \$1.7 billion for this important cause.

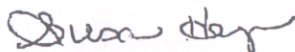
Over the last year, many in Washington have advocated the benefits of requiring the FHLbanks to register with the SEC under the Securities Exchange Act of 1934. While we support the best possible financial disclosures for FHLBanks we remain extremely concerned about unintended consequences of such registration.

A recent study by the First Manhattan Consulting Group found that SEC registration could reduce system earnings from \$300 to \$500 million per year as a result of additional liquidity requirements. The conservative estimate of \$300 million in annual earnings reductions will not only negatively impact mortgage rates, but could reduce grants for low- and moderate-income housing under the Affordable Housing Program by at least \$30 million. It is these grants that allow organizations like ours to leverage additional public and private money to construct new affordable housing or rehabilitate decaying housing stock.

To prevent these unintended additional costs, we believe that the cooperative and historically successful FHLBank business model requires more than the traditional one-size-fits-all SEC registration. As FHLBanks move under SEC regulation of their financial disclosures, we must make every effort to avoid the unintended consequences that could harm the ability of FHLBanks to meet the affordable housing credit needs of their members and the communities they serve.

Thank you for your consideration of this important matter.

Sincerely,



Susan Henlgen  
Caritas House, Inc.



A United Way Agency