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July 11, 2006

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

Attention: Public Comments

Subject: Federal Housing Finance Board; Proposed Rule: Excess Stock Restrictions and Retained Earnings Requirements for Federal Home Loan Banks; RIN Number 3069-AB30; Docket Number 2006-03

Dear Sir/Madam:

We thank you for the opportunity to comment on the Federal Housing Finance Board's proposed rule on excess stock and retained earnings requirements as it pertains to the Affordable Housing Program.

Peninsula Habitat for Humanity provides affordable housing for those less fortunate. As part of this service to the community, we have the privilege of receiving funds for portions of the loans for the property sold to those in need. This additional funding allows our clientele to accomplish their goal of home ownership that they wouldn't otherwise reach. Without this funding, deserving people will not be provided adequate housing in their community.

The Affordable Housing Programs (AHP) of the Federal Home Loan Banks (FHLBanks) are a critical source of affordable housing funds in the California. These programs involve a unique public-private partnership among the Banks, their member institutions, community-based sponsors, state and local governments, and other entities.

The Federal Home Loan Bank of San Francisco's ("Bank's") AHP program, which began in 1990, has been very successful. From our understanding, it has awarded approximately \$400 million in AHP grants to assist in creating over 70,000 affordable housing units including those that we have been privileged to provide. To date we have been awarded over \$480,000 for forty-seven homes. Our organization relies on these funds to build affordable housing in our communities.

Funds for the Affordable Housing Program represent 10% of FHLBanks net earnings, and are made possible through the borrowing activities of its members. The proposed rule may effect the profitability of the Bank and consequently the net earnings that support AHP programs.

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The proposed regulation may also limit the ability of the FHLBanks to provide additional voluntary contributions for affordable housing and community economic development initiatives, in addition to supporting the AHP program. It is our understanding that many FHLBanks provide these voluntary funds, including the Federal Home Loan Bank of San Francisco.

We urge you to withdraw this proposed rule. Its impact could be extremely damaging to the efforts of our organization and similar organizations nationwide that are working to provide affordable housing opportunities to families in need. Thank you for your consideration of these comments.

Sincerely,



Mary Boughton
Executive Director