

July 13, 2006

Federal Housing Finance Board  
1625 Eye Street  
Washington, DC 2006

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

Dear Sir and or Madame:

The purpose of this letter is to provide comment regarding the above mentioned proposed rule changes and if implemented, their potentially devastating effect upon untold millions of persons who struggle each and every day in search of housing that not only is clean and safe – but also affordable.

The decidedly thriving public-private partnership that has evolved since 1990 in the area of affordable housing development has been incredibly successful. This relationship between the individual state administrated Low Income Housing Tax Credit Program (LIHTCP); institutional investors; syndicates; the various Federal Home Loan Banks and their member banks is predicated upon one key ingredient, namely corporate profits. Affordable housing development is about a hand up – not a hand out. Without profits and the incentives to achieve them – affordable housing development is virtually stymied.

As the Executive Director of the Catholic Charities Housing Corporation of the Cleveland Catholic Diocese in the eight counties of Northeast Ohio, our organization has been a part of this incredible voyage of discovery called affordable housing development. In addition to my duties at Catholic Charities, I am also on the Board of the Ohio Housing Council; an officer of the national Conference for Catholic Facility Management and a member of the Advisory Council of the Federal Home Loan Bank of Cincinnati.

I have witnessed efforts that can best be described as both inventive and ingenious by groups locally, statewide, regionally and nationally as it pertains to affordable housing development. Every possible source and resource is utilized – every type of partnership and financial means is explored and developed. This is America at its best – the private-public partnership called affordable housing development.

A key component in this partnership is the AHP Program. When the LIHTCP was first developed, additional resources were often needed but sometimes not critical. Today however, many additional financial resources are now needed in order to make the project financially viable. The most critical financing now appears at the final stages of project closing – that last gap financing source that really is often the most critical component. This source is AHP dollars.

I respectfully urge the Federal Housing Finance Board to reconsider these new regulations as it pertains to stock and retained earnings and consider the significant unintended consequences that these rules would impose.

Sincerely,

*Lawrence E. Murtaugh*

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c: The Honorable John Boehner