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for the homeless

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July 7, 2006

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

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Subject: Public Comments on the Proposed Ruling of Excess  
Stock Restrictions and Retained Earnings and  
Requirements for the Federal Home Loan Banks

Dear Board Members:

This letter is to express my deep concern regarding the Finance Board's proposed excess stock and retained earnings rule and the disastrous effect it would have on one of the most vulnerable groups of people in Tennessee—people who have serious and persistent mental illness or co-occurring disorders (mental illness and substance abuse).

Through partnerships with the Tennessee Department of Mental Health and Developmental Disabilities' Creating Homes Initiative (CHI), local developers of housing for homeless people with severe and persistent mental illness have enjoyed a long-standing and mutually beneficial relationship with the Federal Home Loan Bank (FHLBank). The CHI is a strategic plan to partner with local communities to create housing options for people with mental illness and co-occurring disorders throughout the state. For Tennesseans who have serious and persistent mental illness or co-occurring disorders, the need for housing that is safe, decent, permanent, and affordable is at a code-red, emergency level. Through partnerships with the FHLBank, local developers have used the CHI to improve the lives of hundreds of people in Memphis, significantly reducing the enormous cost to local hospitals, emergency rooms, psychiatric facilities and the criminal justice system.



City of Memphis

Tennessee  
Dr. Willie W. Herenton, Mayor  
"A PARTNER IN THIS PROGRAM"



Shelby County

Tennessee  
AC Wharton, Mayor  
"A PARTNER IN THIS PROGRAM"

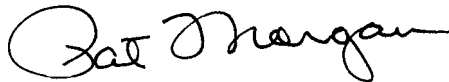
With the much-needed help of these funds, Memphis has seen the development of critically needed, affordable, safe, permanent and quality housing options for mentally ill people who are homeless or at great risk of homelessness. The funding from FHLBank often serves as the initial financial foundation of a housing project, without which additional public and private funding could not be leveraged.

For example, here in Memphis funds from the Federal Home Loan Bank in Cincinnati represented the major source of funding for Alpha Omega Veterans Services' highly successful 32 units of permanent supportive housing for chronically homeless veterans. This project would not have been possible without FHLBank funding. Alpha Omega also just cut the ribbon on a home purchased by a formerly homeless veteran. Purchase of a home by that veteran, which represents a beacon of hope to other homeless veterans, would not have been possible without the FHLBank's funding.

The devastating ripple effects of this proposed rule will harm a vulnerable group of homeless people who are desperately in need of affordable, safe, permanent and quality housing options. I respectfully request and strongly urge that you withdraw the proposed rule so that we can maintain our successful partnership and continue to create housing options for homeless and at-risk individuals and families.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Pat Morgan". The signature is written in a cursive, flowing style.

Pat Morgan  
Executive Director