



INDIANA ASSOCIATION  
FOR COMMUNITY  
ECONOMIC DEVELOPMENT

July 12, 2006

The Honorable Ronald A. Rosenfeld  
Chairman  
Federal Housing Finance Board  
1625 I Street N.W.  
Washington, DC 20006-4001

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

Dear Chairman Rosenfeld:

On behalf of the IACED Board of Directors and the nearly 200 community development entities that IACED represents, it is with great concern that I write to you today in regards to the proposed capital rule on the FHLBanks. Specifically, IACED is concerned with the affect that the rule will have on the ability of the Federal Home Loan Bank of Indianapolis to provide funding to our low- to moderate-income families in the state of Indiana.

The Affordable Housing Program (AHP) is a vital funding source of funding for affordable housing projects in the state of Indiana. In most instances, the AHP provides the critical and flexible gap funding that is needed to complete a project, providing the funds to develop housing opportunities for families whose incomes are 80% or less of the area median. Since 1990 the FHLBI has awarded more than \$139 million for single- and multi-family housing initiatives in Indiana and Michigan.

The proposal put forth by the Federal Housing Finance Board will reduce the FHLBank asset size, mortgage holdings and liquidity investments thereby reducing income and, ultimately, funds available to help low-income families obtain housing under the successful Affordable Housing Program. Although difficult to predict, it is estimated that for the FHLBI that AHP grants to families will be reduced by over \$1 million per year. This decrease in funding will have an immediate and negative impact on the low-income families that our membership serves as sponsoring organizations of the FHLBI.

While we understand the need to mitigate risk and regulate the FHLB system, we urge you to look at the unintended consequences of this proposal. Because our membership has such limited resources in Indiana with which to finance affordable housing projects, it is nearly impossible for our members to complete most projects without AHP funding.

On behalf of the hundreds of low- to moderate income families that our membership has served through the AHP, and the hundreds more that are in need of decent, safe and affordable housing, we ask that you reconsider this proposal.

Sincerely,

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