KENTUCKY HIGHLANDS
INVESTMENT CORPORATION

p.o. box 1738
london, kentucky
40743-1738
tel.606.864.5175
fax.606.864.5194
email.khicnet@khic.org

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

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

The purpose of this letter is to convey my concern to you about the impact the proposed capital rule on the FHLBank of Cincinnati and its ability to support its housing mission. I am president of Kentucky Highlands Investment Corporation (KHIC), a nonprofit organization with an economic development mission. I also serve on the FHLBank of Cincinnati's Housing Advisory Council. In 1999, KHIC assembled the financing for a $3.5 million economic development project that used a nearly $1 million FHLBank advance. The project created twenty highly-skilled career path positions. Four years ago, KHIC ventured into the affordable housing arena as a means to help stabilize local economies and create jobs regionally. FHLBank financing was the catalyst for KHIC's affordable housing projects located in Central Appalachia. With a total investment of about $225,000, four households, some minority and disabled families included, became homeowners or upgraded their living conditions. Furthermore, FHLBank funding through the Affordable Housing Program (AHP) was critical for the construction of a recently completed dormitory serving 24 male teens at a residential facility for which KHIC provided start-up capital five years ago.

FHLBank's funding has been key to KHIC's housing related projects providing a financing foundation to leverage other private and public sources and bring together community leaders and partners for shared development goals. The very successful Affordable Housing Program is based on a 10 percent set-aside of annual net profits so it is important that the FHLBank remain successful and profitable.

Our experience with the FHLBank of Cincinnati shows that it is committed to community development well above its mandated Affordable Housing Program. The proposed regulation is likely to contract the size of the FHLBank, reduce profitability, increase members' costs, all with no apparent benefit. With fewer state and federal resources devoted to targeted affordable housing, it makes little sense to impose policies that limit the FHLBank's ability to do good work. Therefore, I strongly urge you to reconsider this restrictive regulation that will yield lower FHLBank profits and, by extension, fewer residents gaining access to decent housing.

Sincerely,

Jerry Rickett

Jerry Rickett
President/ CEO