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July 12, 2006

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

RE: Excess Stock Restrictions and Retained Earnings Requirements for the Federal Home Loan Banks, Regulatory Information Number 3069-AB30, Docket Number 2006-03

Episcopal Liaison

The Most Reverend
Michael P. Driscoll
MSW, DD
Bishop of Boise

Chair

Janet Valente Pape

Vice Chair

Ronald P. Laurent

Secretary

Sr. Shalini D'Souza,
SCN

Treasurer

John L. Young

President

Rev. Larry J. Snyder

Dear Chairman Rosenfeld,

I am writing to you on behalf of the 1,700 members in the Catholic Charities network to share our concerns regarding the Board's proposed rule to prescribe a minimum amount of retained earnings for each Federal Home Loan Bank (FHLBank) and limit the amount of excess stock that an FHLBank can hold outstanding. While we understand that the Board offers this rule change in an effort to control risk, we feel that it comes at the expense of the Affordable Housing Program (AHP). We urge you to withdraw or amend the rule as approved by the Board and consider finding a better means of bolstering capital, one that does not jeopardize the AHP.

As you may know, the AHP has enabled non-profit developers to weave together the sophisticated financing packages necessary to build and preserve over 400,000 units of desperately needed affordable housing nationwide. The AHP is an extremely cost-effective way for member banks to achieve their mission of providing affordable housing and homeownership opportunities. Catholic Charities agencies rely on the subsidized loans and grants available through the AHP as gap financing to provide permanent housing for some of our most vulnerable brothers and sisters. For example, Catholic Charities of Cleveland is among a group of 29 different sponsors that have received over \$11 million through the AHP which they use to support approximately 2,900 units of affordable housing for elderly and disabled households in Northeastern Ohio.

Given that the AHP is such a vital link in our work to respond to America's growing affordable housing crisis we certainly share the Board's interest in ensuring the safety and soundness of the FHLBanks. However, we do not support this proposed rule change because over time it will erode the amount of funding available through the AHP.

Again, we ask that you withdraw or amend this proposed rule change as approved by the Board and reject any rule change that will reduce the amount of funding available through the AHP.

I thank you for your consideration of my comments and welcome you to contact me for additional information at 703/549-1390.

Sincerely,

A handwritten signature in cursive script that reads "Fr. Larry Snyder".

Rev. Larry J Snyder, President and CEO

cc: The Honorable John A. Boehner