



FOOTHILLS COMMUNITY ACTION PARTNERSHIP

July 12, 2006

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

I am writing to express my concern over the impact of the proposed capital rule on the FHLBank of Cincinnati and its ability to support its housing mission. I represent, Kentucky River Foothills Development Council, Inc., a nonprofit organization providing housing services to special needs clients including the homeless in Estill, Clark, Madison and Powell counties which are in Appalachian Kentucky. My organization has partnered with the FHLBank to provide homeownership for first time low-income homebuyers in Estill and Powell counties and subsidized permanent rental housing for thirteen special needs, homeless families in Madison County.

FHLBank funding is often the critical first level of financial commitment to our projects. It helps leverage other sources of public and private funding and brings together the necessary partners and leaders for effective development. As the highly successful Affordable Housing Program is based on a 10% set-aside of annual net profits, we all have a stake in the success and profitability of the FHLBank.

The FHLBank has demonstrated its commitment to affordable housing over and above its mandated Affordable Housing Program. The proposed regulation would seem to likely reduce the size of the FHLBank, reduce its profitability, increase costs to members, all to no apparent benefit. Why penalize the FHLBank member lenders, housing partners and at-risk clients who benefit from the Affordable Housing Program? With progressively fewer state and federal housing dollars available for targeted affordable housing, I strongly urge you to reconsider this restrictive regulation that will result in lower FHLBank profits and, by extension, fewer residents gaining access to decent housing.

Sincerely,

A handwritten signature in black ink that reads "Vicki Jozefowicz".

Vicki M. Jozefowicz, MPA
 Executive Director



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