



July 11, 2006

Federal Housing Finance Board
1625 Eye Street. NW
Washington, D.C. 2006

RE: Federal Housing Board; Proposed Excess Stock Restrictions and Retained Earnings Requirements fro Federal Home Loan Banks; RIN Number 3069-AB30; Docket Number 2006-03

Dear Sir/Madame:

On behalf of Family Housing Resources, Inc. ("FHR") I am commenting on the Federal Housing Finance Board's ("FHFB") proposed rule on excess stock and retained earnings requirements. By way of background, FHR is one of the largest providers of low cost mortgage loans and down payment assistance funds for low to moderate income individuals and families in the country. Since 1999 in Arizona, FHR has provided almost \$300 million in loans and more than \$18 million in down payment and closing cost assistance that have enabled over 2,100 households to realize the American Dream of home ownership.

In structuring these programs FHR has worked closely with the three Government Sponsored Entities ("GSEs") and the Department of Housing and Urban Development ("HUD"). Since the beginning of the Federal Home Loan Bank of San Francisco's Affordable Housing Programs ("AHP") in 1990, the Bank has awarded almost \$400 million in AHP grants to assist in the creation of over 70,000 affordable housing units. The Bank, like its counterparts in the other eleven Districts across the country, has worked closely with local nonprofits like FHR to fashion innovative housing programs to meet the needs of the communities in its region.

The overall impact of the proposed rule would be to adversely affect the FHLB of San Francisco's ability to continue to provide the high level of funding of its AHP, and this would be particularly damaging for nonprofits like FHR in a period of rising interest rates and cut backs in funding for HUD and other federal agencies involved in affordable housing. The hearings in the U.S. Congress regarding the GSEs have not been completed, nor has any legislation emerged that would even remotely incorporate the FHFB's proposed rule.

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I urge you to withdraw this proposed rule. Unquestionably for the 11th District, and most of the other Federal Home Loan Banks, the rule would be extremely harmful to the efforts of FHR and similar organizations nationwide that are working to provide affordable housing opportunities for low to moderate income families.

Yours sincerely,
FAMILY HOUSING RESOURCES, INC.

A handwritten signature in black ink, appearing to read "James R. Feltham", with a long horizontal flourish extending to the right.

James R. Feltham
President