

July 11, 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 Honorable Rosenfeld:

It is with great concern that I write to you today in regards to the proposed capital rule on the FHLBanks. Specifically, I am 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 is a vital funding source of down payment assistance for the families served through our homeownership program. We have experienced a decrease in funds available from HUD and other sources to enable low to moderate income families to obtain the dream of homeownership. We have served over 400 families who have received down payment assistance from the AHP program in the 15 Northeast Indiana rural counties that Pathfinder Services serves. This year, we are on target to provide, through four member banks, AHP down payment assistance for 60 families. Please don't take away a vital resource they need to make homeownership a reality by reducing the FHLBI profitability through unnecessary liquidity requirements.

The proposal will reduce 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 we serve as sponsoring organizations of the FHLBI.

On behalf of the hundreds of low- to moderate income families that we have 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,

John Niederman, President
Pathfinder Services, Inc.
PO BOX 1001
Huntington, IN 46750

