

July 11, 2006

Federal Housing Finance Board  
1625 Eye Street NW  
Washington, DC 20006  
Attention: Public Comments

Re: Federal Housing Finance Board Proposed Rule on  
Excess Stock Restrictions and Retained Earnings Requirements for the Federal Home Loan Banks

To the Federal Housing Finance Board

MaineHousing (The Maine State Housing Authority) would like to comment on the proposed rule governing Excess Stock Restrictions and Retained Earnings Requirements for the Federal Home Loan Banks. We are concerned about the negative impact the proposed rule will have on the Affordable Housing Program in New England.

We are strong supporters of the Federal Home Loan Bank system. The banks provide critical mortgage funds for its member banks and are a lynch-pin in the housing finance system. We also share the Board's concern that the Banks be financially healthy. It is not in anyone's interest to have a system this important be at risk.

We are concerned, however, that the proposed approach will reduce the amount of funds available for the affordable housing programs. By increasing retained earnings and decreasing dividends, there will be fewer funds available and perhaps fewer banks participating. These changes will most certainly reduce the amount of money available for the affordable housing programs.

The need for the Bank's Affordable Housing Program and others like it is clear. National study after national study<sup>1</sup> points to the fact that our affordable housing problems are getting worse, not better. Programs such as those encouraged and funded by the Federal home Loan banks make a big difference. The Affordable Housing Program also has the added benefit of involving the local banks in local solutions. This is an excellent approach.

We work closely with the Boston Bank and know first hand the difference these programs make. I hope that you will find a better way to ensure the safety and soundness that we all want without losing the important benefits we can from the Banks' affordable housing efforts.

Sincerely,

Dale McCormick  
Director

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<sup>1</sup> The State of the Nation's Housing 2006 by the Joint Center for Housing Studies of Harvard University and The Housing Landscape for America's Working Families 2005 by the National Housing Conference to name two.