

July 7, 2006

Federal Housing Finance Board
1625 Eye Street, NW
Washington, DC 20006

Subject: Public Comments

Excess Stock Restrictions and Retained Earnings Requirements
for the Federal Home Loan Banks

Dear Board Members:

As a Regional Housing Facilitator for the state of Tennessee, I am writing to convey my sincere concern regarding the Finance Board's proposed excess stock and retained earnings rule and its potentially detrimental effect on a particular vulnerable group of Tennesseans.

My region alone has been awarded **\$4,065,593** for the development or rehabilitation of **208** housing units for persons with serious and persistent mental illness or co-occurring disorders.

"Tom" is an example of the individuals who have benefited from FHLBank assistance. Tom had lived in the woods of East Tennessee for many years before finally accepting the help of an outreach worker. After returning home from Vietnam with serious anxiety disorders and the inability to cope with being around others, he never thought that the dream of home ownership would be a reality. His mental illness made it impossible for him to cope with being around others and so he chooses to live almost ten years on the streets and in the woods of rural East Tennessee. Evidentially, his case manager was able to convince him to try an apartment with the promise of additional support as the client made this adjustment. Without the additional funding that he received from the FHLBank Tom would not have been able to acquire this home. From chronic homelessness to home ownership, from the inability to be with others to the ability to help his neighbors with yard work and chores around their home, this is the difference that this program has made to him. Home ownership has given him back his self-esteem and self-worth.

Tom had sacrificed his mental health for our country and the FHLBank was able to assist him by giving something back to him. The local bank was supportive of this project largely because of the FHLBank's support of this project.

The Congressionally mandated affordable housing mission of the Federal Home Loan Bank (FHLBank) has improved the lives of Tennesseans with serious and persistent mental illness or co-occurring disorders (mental illness and substance abuse). With the much-needed help of the FHLBank's Affordable Housing Program, the American Dream Home Ownership Challenge, and the Welcome Home program, Tennessee has seen the development of **4,468** affordable, safe, permanent and quality housing options in local communities for people with mental illness and

co-occurring disorders since 2000. In fact, the FHLBank of Cincinnati stands today as one of the **single largest contributors** to Tennessee's Creating Homes Initiative (CHI), a Tennessee Department of Mental Health and Developmental Disabilities strategic plan to partner with communities to create housing options for people with mental illness and co-occurring disorders in Tennessee. As a Regional Housing Facilitator and an integral part of the CHI, I work with housing developers, mental health providers, and other interested stakeholders to facilitate the development of housing for persons with serious and persistent mental illness or co-occurring disorders.

The lack of safe, decent, permanent, and affordable housing options for persons with mental illness and co-occurring disorders is a crisis in Tennessee. But through the success of the CHI, Tennessee has begun to rectify this housing crisis. Since the CHI's beginning in 2000, the FHLBank of Cincinnati has awarded the following funds:

FHLBank Affordable Housing Program - \$15,168,258
FHLBank American Dream Home Ownership Challenge - \$215,000
FHLBank Welcome Home - \$433,500

After careful consideration and analysis, it is my belief that the Finance Board's proposed rule would result in lower overall profits for the FHLBank, which would in turn significantly reduce the amount of the 10 percent set-aside that currently funds the Affordable Housing Program. The loss of these funds would strike a serious blow to some of Tennessee's neediest and most vulnerable citizens—those who have serious and persistent mental illness or co-occurring disorders.

Our belief is that this proposed rule will cause much future harm to the Creating Homes Initiative of Tennessee and more importantly, to a group of people in desperate need of affordable, safe, permanent and quality housing options in local communities. I therefore ask you to withdraw the proposed rule. Thank you for the opportunity to express my recommendations on behalf of Tennessee residents who have serious and persistent mental illness or co-occurring disorders.

Sincerely,

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