

BEATTYVILLE HOUSING & DEVELOPMENT CORPORATION  
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July 7, 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 Federal Home Loan Bank of Cincinnati and its ability to support its housing mission. I represent Beattyville Housing and Development Corporation, Inc., a nonprofit organization providing housing services to single parents, elderly, at-risk-youth and low income families in Lee County, Kentucky. My organization has partnered with the Federal Home Loan Bank of Cincinnati to provide 10 units to low income families in Lee County. Without the Federal Home Loan Bank's financial assistance in this endeavor, 10 families would not be homeowners today.

The Federal Home Loan Bank funding is often the critical first level of financial commitment to Beattyville's local projects. It helps leverage other sources of public and private funding and bring together the necessary partners and leaders for effective affordable housing development. As the highly successful Affordable Housing Program is based on a 10 percent set-aside of the Bank's annual profits, we all have a stake in the success and the profitability of the Federal Home Loan Bank.

The Federal Home Loan Bank has demonstrated its commitment to affordable housing over and above its mandated Affordable Housing Program. The proposed regulation would seem likely to shrink the size of the Federal Home Loan Bank, reduce its profitability, increase costs to its members, all to no apparent benefit. Why penalize the Federal Home Loan Bank member lenders, housing partners and our at-risk clients? With 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 Federal Home Loan Bank profits and, by extension, fewer residents gaining access to decent housing.

Sincerely,

  
Wilma Kelley  
Executive Director