



## People's Self-Help Housing, Inc.

Rt. 3 Box 34 Vanceburg, KY 41179  
 Providing Affordable Housing Opportunities  
 in Lewis County since 1982

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

July 3, 2006

Attention: Public Comments, Federal Housing Finance Board Proposed Rule:  
 Excess Stock Restrictions & Retained Earnings for the Federal Home Loan Banks  
 RIN Number 3069-AB30  
 Docket Number 2006-03

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 have reviewed the proposed rule and the comment letter submitted by the Board of the FHLBank of Cincinnati with an attached letter from their external legal counsel outlining their specific legal and related concerns.

My name is David Kreher and I have served as Executive Director of People's Self-Help Housing, Inc. (PSHH) since 1985. Our nonprofit organization is located in the Appalachian foothills of northeast Kentucky where we have worked tirelessly to provide affordable housing opportunities for families living in poverty in our economically distressed area. Currently, PSHH employs 25 local residents to construct 20 new homes, repair and rehabilitate 25 homes and manage and maintain 98 affordable rental units throughout Lewis County annually.

Since 1994, PSHH has partnered with FHLBank members to participate in the Affordable Housing Program to provide a gap subsidy that has enabled us to provide new homes for families at 30% of the area median income. Without this direct subsidy, more than 50 families over the past decade would not have been able to afford a safe, decent home to raise their family and would still be living in severely substandard housing.

With federal and state housing programs sustaining significant cuts in funding during each of the past five years and with no sign of reversing this trend, the FHLBank's Affordable Housing Program is more important than ever before if we are to continue to assist families with basic housing needs. Families assisted value the involvement of the local member banks in the program and have an excellent repayment record on their bank loans. The AHP has consistently brought the bank president and employees to the construction sites to assist in constructing the homes for their very low-income neighbors providing a "hands-on" experience of the importance of having a decent home to raise a family.

In addition to building the local community, the FHLBank Affordable Housing Program is the starting point for leveraging other sources of public and private financing. Since this highly successful program is based on a ten percent set-aside of annual net profits, we all have a stake in the success and profitability of the FHLBank.

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The FHLBank of Cincinnati has demonstrated a tremendous commitment to affordable housing over and above its mandated Affordable Housing Program from the very start of the program and we are proud to be partners with them. Any reduction in the program would come at a serious price for the many families in our area still seeking the American dream of owning their own home and resting peacefully at night knowing their home is safe and worry-free.

I strongly urge you to reconsider the proposed restrictive regulation that will significantly hamper the outstanding success of the FHLBank of Cincinnati's Affordable Housing Program. In fact, I am asking that the proposed rule be withdrawn entirely. All of the FHLBanks should not be penalized for the missteps of a few of the FHLBanks.

Thank you for your consideration of my comments. I would be more than happy to provide any additional information substantiating the continued importance of the FHLBank of Cincinnati's Affordable Housing Program to the people of Lewis County, KY.

Sincerely,

David Kreher  
Executive Director

cc: Representative Geoff Davis, Senator Mitch McConnell, Senator Jim Bunning  
Carol M. Peterson, Cecil Dunn, FAHE

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