



June 19, 2006

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

27 W. 12th St.
CINCINNATI
OHIO 45202

(513) 721-8666

FAX
(513) 639-7037

Chief Executive Officer
Bren Blaine

Chief Operations Officer
Mary Kirsch

Board of Trustees

Jennifer Neyer Berg
Karen Christian, M.D.
John Fleming
Everett Greene
Marcella Hamner
Tim Harkavy
Sharon Haynes
Deanna Hengge
Roderick D. Hinton
Nancy Johannigman
John Lanier
Robert Lonnemann, P.E.
Douglas Pruett
Edward Slater
Ann Munson Steines

Advisory Committee

Hon. Sandra Beckwith
Shari Einsel
Hon. Nathaniel Jones
Jeff Lazarow
William Moran
Donald Neyer
Jane Portman
Sgt. Stephen Saunders
Jerome Teller
Stephen Wesselkamper
Edward Wolterman

Emeritus

Joseph Feldhaus
Eileen Mechley
Marcia Spaeth Kennedy

Frank Harkavy
(1926 - 2003)

Attention: Public Comments
Excess Stock Restrictions and Retained Earnings
Requirements for The Federal Home Loan Banks
#3069-AB30

Dear Sir/Madam:

I am writing to express my concern over the negative impact of the proposed capital rule on the FHLBank of Cincinnati and its ability to support its housing mission. I represent Tender Mercies, Inc., a nonprofit organization providing housing and supportive services to homeless individuals with a history of mental and/or emotional illnesses in Cincinnati, Ohio. Tender Mercies has partnered with the FHLBank to provide transitional housing for mentally ill homeless individuals who are not yet capable of living in permanent housing.

FHLBank funding was the critical first level of financial commitment to our project. It helped leverage other sources of public and private funding and brought together the necessary partners and leaders for an effective development. As the highly successful Affordable Housing Program is based on a 10% set-aside of annual net profits, we all have a stake in the success and profitability of the FHLBank.

The FHLBank has demonstrated its commitment to affordable housing over and above its mandated Affordable Housing Program. The proposed regulation seems likely to shrink the size of the FHLBank, increase costs to its members, and reduce its profitability all to no apparent benefit. Why penalize the FHLBank member lenders, housing partners, and our vulnerable 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 FHLBank profits, and, by extension, fewer residents gaining access to decent housing.

Kindest Regards,

Bren Blaine
Chief Executive Officer

*Tender Mercies exists to serve homeless persons with histories of emotional and/or mental disabilities
by providing them housing and related service.*

Funded in part by the generous support of Individual Donors, the City of Cincinnati, the Hamilton County Community Mental Health Board, the U.S. Department of Housing and Urban Development, and the United Way