

# Cheviot Savings Bank

June 15, 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

To Whom It May Concern:

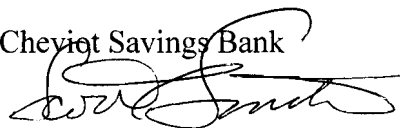
I am writing to express my concern over the impact of the proposed capital rule on the FHL Bank of Cincinnati and its ability to support its housing mission. I represent Cheviot Savings Bank, a member of the FHL Bank. We have partnered with the FHL Bank through its Welcome Home Program and the Homeownership Center of Cincinnati to provide many homeownership opportunities to those who might not otherwise have had the chance to fulfill the "American Dream."

The FHL Bank's affordable housing programs provide us with a very powerful tool to address the housing needs of customers with limited resources. These customers may be on the threshold of starting new jobs, opening their first business, or making that jump to homeownership to begin building equity for the future.

The FHL 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 FHL Bank, reduce profitability, increase costs to our institution, all to no apparent benefit. Why penalize the FHL Bank member lenders and our customers? 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 FHL Bank profits and, by extension, fewer residents gaining access to affordable housing.

Sincerely,

Cheviot Savings Bank



Scott T. Smith  
Treasurer and CFO



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