

Franklin Savings

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June 15, 2006

Federal Housing Finance Board
1625 "I" Street, NW
Washington, DC 20006

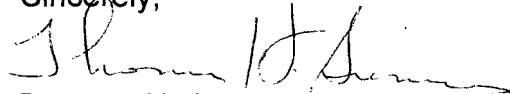
Attn: Public Comments
Excess Stock Restrictions and Retained Earnings Requirements for
The Federal Home Loan Banks
#3069-AB30

I am writing to express concerns over the impact of the proposed capital and retained earnings rule on the Federal Home Loan Bank of Cincinnati and its ability to support its housing mission. I am President/CEO of Franklin Savings and Loan Company, Cincinnati, Ohio, a member of the FHLBank. We have partnered recently with the FHLBank through its "Welcome Home" Grant program. During the short time in which we have participated in the program, funds from Welcome Home Grants have provided down payments to approximately 20 Franklin Savings customers. These funds have permitted moderate- and low-income individuals and families to achieve the American dream of homeownership.

FHLBank funding is often the critical first level of financial commitment to complex housing projects. It helps leverage other sources of public and private funding and brings together the necessary partners and leaders for effective development. The FHLBank'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 FHLBank 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 FHLBank, reduce its profitability, increase costs to our institution, all to no apparent benefit. Why penalize the FHLBank 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 FHLBank profits and, by extension, fewer residents gaining access to affordable housing.

Sincerely,



Thomas H. Siemers
President/CEO

Cc: David Hehman (FHLB Cincinnati)
Cecil Dunn (Hope Center, Lexington, KY)