

June 12, 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 FHLBank of Cincinnati and its ability to support its housing mission. I represent Kentucky Communities Economic Opportunity Council, Inc., a nonprofit organization providing housing services to low income residents in Knox County, Kentucky. My organization has partnered with the FHLBank to provide a fully accessible new home to a young man who is now in a wheelchair due to a car accident. We have also applied for funds through the American Dream program.

FHLBank funding is critical to the project mentioned above; in addition, it helps us to meet leveraging requirements of other sources of public and private funding and bring together the necessary partners and leaders for effective development. As the highly successful Affordable Housing Program is based on a 10 percent set-aside of annual net profits, we all have a stake in the success and profitability of the FHLBank. Without FHLBank, the individual mentioned above could not be served. His income is less than 30% of the area median income. The opportunity they are helping us to provide would be nonexistent without their support.

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 cost to its members, all to no apparent benefit. Why penalize the FHLBank 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 gaining access to decent housing.

Sincerely,



Paul D. Dole
President/CEO