



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

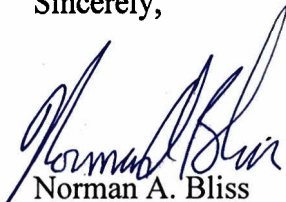
Attention: Public Comments
Excess Stock Restrictions and Retained Earnings Requirements for
The Federal Home Loan Banks
#3069-AB30

I am writing to express my concern over the impact of the proposed capital rule on the FHL Bank of Cincinnati and its ability to support its housing mission. I represent FirstMerit Bank, N.A., a member of the FHL Bank. We have partnered with the FHL Bank through its Affordable Housing Program to provide 71 units of housing and \$600,426 in the last round of funding for 2005, which is included in the \$1,915,346 provided since 2002.

FHL Bank 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 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 its 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,



Norman A. Bliss
Senior Vice President and Manager
Corporate Community Reinvestment
FirstMerit Bank, N.A.