



Nashville Area
**Habitat
for Humanity®**

*Building lives,
one home,
one family,
one community
at a time.*

June 8, 2006

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

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

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Chris McCarthy
*President and
Chief Executive Officer*

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 Nashville Area Habitat for Humanity, a nonprofit organization providing housing services for low income families in Nashville, TN. My organization has partnered with the FHLBank to provide 96 units to date, representing a \$700,000 investment in our two affordable housing communities, Rainwood and Providence Park.

FHLBank funding is often the critical first level of financial commitment to our projects. It helps leverage 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% 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 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 restrictive regulation that will result in lower FHLBank profits and, by extension, fewer residents gaining access to decent housing.

Sincerely,

Chris McCarthy
President & CEO

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