

Out

Page 1 of 2

To: comments@fhfb.com

June 2, 2006

Federal Housing Finance Board

Attn: Public Comments

Excess Stock Restrictions & 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 FHLB Bank of Cincinnati and its ability to support its housing mission.

I am the Executive Director of Inland Empire Residential Resources. IERR is a 501 (C)(3) nonprofit organization that develops, owns, and manages long term, safe, accessible and affordable housing for individuals with developmental disabilities throughout the State of Washington.

IERR has utilized funding from FHLB Cincinnati and its member bank Key Bank in two projects. The projects are providing homes for 24 individuals with developmental disabilities. Key Bank and FHLB Cincinnati funded \$129,942 of our total project costs of \$1,872,310. That may seem like a small percentage of the project, but without those funds the projects would not have been built.

It is important to point out that our residents have only SSI benefits as income, approximately \$603 per month. The FHLB of Cincinnati grant funds along with the other grant funds provide the subsidy necessary for the residents to pay only 30% of their income in rent and for IERR to make ends meet and operate the projects in the black.

FHLB Bank 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 FHLB Bank.

The FHLB 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 FHLB Bank, reduce its profitability, increase costs to its members, all to no apparent benefit. Why penalize the FHLB Bank 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 FHLB Bank profits and, by extension, fewer residents gaining access to decent housing.

Sincerely,

Darryl K. Reber  
Executive Director  
Inland Empire Residential Resources  
116 W Indiana Avenue  
Spokane, WA 99205