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October 5, 2009

Alfred M. Pollard  
General Counsel  
Federal Housing Finance Agency  
Fourth Floor  
1700 G Street, NW  
Washington, DC 20552

Dear Mr. Pollard:

The Independent Community Bankers of America<sup>1</sup> (ICBA) welcomes the opportunity to comment on the interim final rule, Affordable Housing Program Amendments: Federal Home Loan Bank Mortgage Refinancing Authority.

Section 1218 of the Housing and Economic Recovery Act of 2008 requires the Federal Housing Finance Agency to permit the Federal Home Loan Banks (FHLBs) to use Affordable Housing Program (AHP) set-aside funds to refinance low-or moderate-income household mortgage loans until July 30, 2010. Subsequently, the FHFA amended its AHP regulation to authorize AHP direct subsidies for qualifying households which are able to qualify for refinancing assistance under the Hope for Homeowners Program.

Given the continuing adverse mortgage market conditions and comments it has received, the FHFA has issued an interim final rule that authorizes the FHLBs to provide AHP subsidy through their members to assist in the refinancing of eligible households' mortgages under eligible federal, state and local programs for targeted refinancing in addition to the Hope for Homeowners Program. The interim final rule permits the FHLBs to provide AHP direct subsidy to members; the subsidy can be used for principal reduction and for loan closing costs. Households must obtain counseling for qualification for refinancing and foreclosure mitigation. ICBA supports these provisions as we recognize the challenges that the Hope for Homeowners Program presents and that some

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<sup>1</sup> *The Independent Community Bankers of America represents nearly 5,000 community banks of all sizes and charter types throughout the United States and is dedicated exclusively to representing the interests of the community banking industry and the communities and customers we serve. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an ever-changing marketplace.*

*With nearly 5,000 members, representing more than 20,000 locations nationwide and employing over 300,000 Americans, ICBA members hold \$1 trillion in assets, \$800 billion in deposits, and \$700 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at [www.icba.org](http://www.icba.org).*

federal agencies, states and local governments have or are planning to implement homeowner assistance programs.

The interim final rule would provide more flexibility to accelerate future annual statutory AHP contributions for use in set-aside programs in the current year to enhance the ability of the FHLBs to respond to the mortgage crisis. ICBA has no objections for the acceleration of contributions by FHLBs that can do so in a safe and sound manner. However, ICBA is very concerned about giving FHLBs the ability to accelerate future contributions that do not have current earnings and whose earning ability over the next several years is uncertain. It is an unfortunate environment that some FHLBs may not have the financial ability to provide much needed affordable housing support to consumers in their district. But many FHLB members are facing cutbacks in their community support efforts and other programs because of earnings levels. AHP contributions are earnings based obligations and a FHLB should not commit earnings it does not have or is unsure it will have in the foreseeable future. Thus, ICBA opposes the provision of this flexibility for FHLBs whose ability to general positive earnings is uncertain.

We appreciate the opportunity to comment on the interim final rule. If you wish to discuss our comments further, please contact the undersigned at 202-659-8111 or email at [ann.grochala@icba.org](mailto:ann.grochala@icba.org).

Sincerely,

/s/

Ann M. Grochala  
Vice President  
Lending and Accounting Policy