



July 9, 2009

Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
Via e-mail: RegComments@fhfa.gov

Attention: Comments/RIN 2590-AA18

Dear Mr. Pollard:

The San Luis Obispo County Housing Trust Fund (HTF) is a non-profit loan fund and Community Development Financial Institution (CDFI) that was created in 2003 to address the affordable housing needs in San Luis Obispo County, California, one of the least affordable markets in the nation.

We are excited about the prospect that certified CDFIs will be able to join the Federal Home Loan Banks (FHLBs) and wish to comment on the proposed rule to implement that aspect of the 2008 Housing and Economic Recovery Act. We support the proposed rule.

We agree that the “self-sufficiency or sustainability ratio” should not be standard for evaluating CDFIs because most CDFIs are supported by grants and contributions as well as our earnings from loan products and services. The more critical concern is that each CDFI maintains “a positive net income” over time. If you choose to set a minimum “self-sufficiency or sustainability ratio,” it should be no more than the 40% minimum prudent standard set by the CDFI Fund of the US Treasury and hopefully lower.

The minimum net asset ratio of 20% is reasonable and matches the minimum prudent standard set by the CDFI Fund. However, we would prefer a lower minimum net asset ratio because it will allow CDFIs to leverage additional funds and provide more financing for our target communities.

We also believe that the FHLB’s housing mission and long-term home mortgage loan requirement should be interpreted as liberally as possible for CDFIs. Due to the nature and level of our capitalization, most CDFIs provide junior loans rather than first mortgages. We also tend to provide interim and bridge loans rather than long term or permanent loans. In addition, we finance non-traditional housing such as resident owned mobile home communities and both transitional and supportive housing for those with special needs.

Having access to FHLB funds will increase our ability to make long term first mortgages and to serve the diverse housing needs of our target communities.

Thank you.

Sincerely,

Gerald L. Rioux
Executive Director