N A A H L

NATIONAL ASSOCIATION OF AFFORDABLE HOUSING LENDERS

July 13, 2009

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590–AA18
Federal Housing Finance Agency
Fourth Floor
1700 G Street, NW
Washington, DC 20552
RegComments@fhfa.gov

Dear Mr. Pollard:

The nation's conventional lenders play a significant role in financing affordable rental housing in the United States, helping to revitalize low- and moderate-income communities, and providing apartments families are proud to call home. The National Association of Affordable Housing Lenders (NAAHL), a national network of for-profit and non-profit lenders committed to increasing the supply of private capital in underserved areas, greatly appreciates FHFA's efforts to implement the Housing and Economic Recovery Act's (HERA) provisions allowing non-depository CDFIs to become FHLB members.

Our vanguard of certified CDFIs range in size from $1.6 billion in assets to $150 million; some have applied for, and received CDFI grants, while many others have received the certification, but rely solely on private capital to fund their operations. CDFI investors include banks, public and private pension funds, insurance companies, and faith-based institutions. With no troubled assets, and most never having suffered a loss on a loan, our non-profit lenders have very successful track records of pooling private capital to finance affordable rental housing.

These multifamily mortgage lenders occupy a unique niche in providing much-needed affordable rental housing in the U.S. Even though they don't finance single-family housing, these lenders meet significant community support requirements already.

As the tsunami of single-family foreclosures destabilizes communities across the country, and our economic recovery requires more construction activity and more affordable rental housing, multifamily lenders are facing their worst liquidity crisis ever, with the ongoing credit crunch limiting their access to new capital, restricting their ability to make more good loans. FHLB membership will help these CDFIs replenish their supply of loan funds and in turn, help them address the meltdown.

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Our comments on your proposed rule are as follows:

- Don't discriminate against CDFIs with capital ratios set at 20 percent that are 250 percent to 400 percent of the ratios required of insured institutions. Such ratios would dramatically reduce the amount of lending a CDFI could do, and in an environment when capacity to finance affordable housing is more important than ever.

- Certification as a CDFI should satisfy the community support requirement. Many CDFIs are multi-bank consortia that have missions devoted to multifamily mortgages on affordable rental housing.

- Maintain the proposed earnings, loan loss reserves and liquidity ratios as enumerated in your proposed rule.

We look forward to working with you to increase the flow of private capital to financing affordable rental housing.

Sincerely,

Judith A. Kennedy
President and CEO