



December 2, 2014

Alfred M. Pollard, General Counsel  
Attention: Comments/RIN 2590-AA39  
Federal Housing Finance Agency  
400 Seventh Street SW, Eighth Floor  
Washington, D.C. 20024

Re: Notice of Proposed Rulemaking and Request for Comments – Members of Federal Home Loan Banks (RIN 2590-AA39); Oppose Asset Tests

Dear Mr. Pollard:

The Housing Alliance of Pennsylvania is a statewide nonprofit association of 600 organizational members representing 10,000 employees, 50,000 homes, and services to nearly half a million people annually. Our members all contribute to strengthening the state's real estate market and to helping ensure a home within reach of all Pennsylvanians. Many of our members develop homes for first time homebuyers or rental homes for low wage workers and people on fixed incomes, including people experiencing homelessness.

The Federal Home Loan Banks (FHLBs), including the FHLB Pittsburgh, and their member institutions are an important part of this work, whether through members' direct lending to developers, mortgages to homebuyers, or funding from the FHLB's Affordable Housing Program. We submit these comments on the Notice of Proposed Rulemaking on behalf of Pennsylvania's developers, housing service providers, and the families they serve.

A strong lending market is essential for ensuring adequate affordable homes. FHLBs are an important part of the equation by providing liquidity for their member institutions, allowing those institutions to turn around and make mortgage loans available at reasonable terms. As the FHFA states in the Proposed Rule:

... Congress vested in [the FHLBs] a number of market advantages .... Those advantages were designed to enable Banks to provide low cost, wholesale funding to their member institutions so that, in turn, these members could provide long-term home mortgage loans to consumers at a reasonable cost.

In order to continue the highly effective FHLB system of providing liquidity for home mortgage loans, **we oppose, and ask you to reconsider, the “home mortgage loan” and “residential mortgage loan” asset tests.** *Originating* mortgage loans and *holding* mortgage assets are two very different things. By requiring each member institution to maintain a certain percentage of its assets in residential and long-term mortgages, the Proposed Rule would hamper the institution’s ability to vary its assets to meet changes in the market. This could potentially *weaken* the institution’s ability to lend rather than strengthen it.

Moreover, the proposed asset requirements may cause some institutions to leave the FHLB system, further reducing the number of “reasonable cost” mortgages available to consumers. It is our understanding that because of the Proposed Rules, some institutions are already rethinking their desire to join FHLBs.

Having lending institutions be members of FHLBs strengthens home lending in Pennsylvania and across the country. In addition, growth in FHLB membership enhances the Affordable Housing Program, without which many more Pennsylvanians would be on the street or forced to choose between paying their mortgage or rent and buying food or medicine. The FHLB system of providing reasonably priced home mortgages as well as funding through the Affordable Housing Program works. There is no need to fix what is not broken. Please withdraw the proposed long-term home mortgage and residential mortgage assets tests. Thank you.

Sincerely,  
Elizabeth Hersh  
Executive Director