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Alfred M. Pollard, Esq., General Counsel
Attention: Comments/RIN 2590-AA39
Federal Housing Finance Agency, Fourth Floor
400 Seventh Street, S.W.
Washington, DC 20024

January 7, 2015

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

Dear Mr. Pollard:

The Ohio Housing Council is a statewide organization of affordable housing professionals whose mission is to increase production and preservation of affordable housing in Ohio. Our goal is to help professionals involved in all aspects of the affordable housing industry to increase their participation in public policy debates and steer proposed regulatory requirements that could have a significant impact on the affordable housing industry in Ohio.

Our members work closely with community lenders and several Federal Home Loan Banks (FHLB). We have observed firsthand the important role that the FHLB System plays in providing funding for local financial institutions. This is a relationship that is so important to the affordable housing community in their local markets and the proposed rule will profoundly change the relationship between the FHLB System and their member institutions.

This rule will make membership in the FHLB System less attractive to financial institutions since continued access to FHLB System funding will be contingent on new ongoing asset tests. This will, no doubt, result in decreased lending by the FHLB System, which will hurt their earnings. As you know, 10 percent of the net earnings of each FHLB are used to fund its Affordable Housing Program. If current and prospective membership in the FHLB System is threatened, the FHLB's ability to provide AHP grants to affordable housing partners will be diminished. In short, the FHLB System will have fewer funds available to provide AHP grants to support very low and low-income housing.

The recent HMDA data for 2013 shows the share of home mortgage loans to borrowers with incomes at or below 80 percent of area median income (borrowers served by the FHLB System's AHP program) fell to only 26 percent of the total mortgage loans made in 2013. Consequently, a reduction in funding for housing for low-income borrowers at this time of fragile housing and mortgage markets is particularly damaging. The partnership that results between financial institutions, affordable housing groups and the FHLB System helps at-risk families, veterans, senior citizens and people with disabilities from falling through the cracks. By working together, we keep people off the streets and help stabilize lives and communities.



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Congress has historically acted to expand FHLB System's membership and its members' housing and investment activity. In 1989, under the Financial Institutions Reform, Recovery and Enforcement Act, Congress included commercial banks and credit unions as new members, and established the Affordable Housing Program (AHP). In 1999, Congress acted to expand eligible collateral for community financial institutions, and through the Housing and Economic Reform Act of 2008, community development financial institutions were granted permission to join the FHL Banks. This rule appears to reverse Congressional intent with respect to the FHLB System's role in housing finance.

These proposals appear to undercut the FHLB System's membership without identifying a safety and soundness concern. The proposed rule does not recognize the direct link between the FHLB System's profitable business activity and its corresponding Affordable Housing Program. The rule harshly punishes non-compliance with membership termination which will have the unintended consequence of removing contributors and participants from the AHP and its wide network of public and private partners.

We may not be FHLB System stockholders, but we are stakeholders. The neighborhoods we serve require access to credit to build new housing, rehab existing stock and stimulate community investment. An arbitrary asset test for continued FHLB System's membership will achieve the opposite effect. Our relationship with vulnerable populations with urgent needs for safe and affordable housing leads us to conclude that restricting the continued access of financial institutions to FHLB System's membership will hurt communities.

The Ohio Housing Council strongly urges FHFA to withdraw RIN 2590-AA39.

Sincerely,

A handwritten signature in blue ink that reads "Michelle Norris".

Michelle Norris
President
Ohio Housing Council