



June 6, 2018

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA83
Federal Housing Finance Agency
400 Seventh Street, SW, Eighth Floor
Washington, D.C. 20219

**Re: Notice of Proposed Rulemaking and Request for Comments –
RIN 2590-AA83 – Affordable Housing Program Amendments**

Mr. Pollard,

Thank you for the opportunity to comment on your recent release of proposed rulemaking regarding the Affordable Housing Program (“AHP”) of the Federal Home Loan Banks (FHLBanks). I am president & CEO of the Arkansas Bankers Association and we are headquartered in Little Rock, AR. Many of our member banks support affordable housing projects that receive Affordable Housing Program (AHP) gap financing, therefore the Arkansas Bankers Association is especially interested in the Federal Housing Finance Agency’s (FHFA’s) proposed changes to the AHP regulations administered by the Federal Home Loan Bank of Dallas.

In just the last several years our banks have received almost five million dollars of AHP funds. With the eastern third of our state being in the Mississippi Delta, and the southern third of our state being rural areas, it is vitally important to have this source of cooperative funding available to our bankers and most importantly to our communities.

We are concerned with the outcomes framework as proposed in the AHP regulation amendments. We had hoped that the proposed amendments would provide FHLBanks with more flexibility in their scoring methodologies to allow AHP to adapt to the changing landscape of housing needs in local districts. However, the proposed amendments introduce an outcomes-based framework for awarding AHP funds which prioritizes the Federal Housing Finance Agency’s (FHFA’s) overall housing goals. The unintended consequence of this approach is that the proposed outcomes further restrict FHLBank discretion in addressing local housing needs, establish preferences for certain project types and make AHP less transparent.

AHP is a critical source of funds for housing development and should be flexible enough to support the projects needed in local communities through a clear and understandable process. The outcomes framework as proposed in the amendments introduces a complex award structure that makes the AHP scoring process unclear and makes AHP a less-attractive funding resource. A scoring-based system is

strongly preferred over an outcomes-based framework and will allow FHLBanks to sufficiently respond to local needs, encourage all project types to apply and maintain program transparency.

We are troubled by the proposed outcome framework as it seems to provide much less flexibility for our FHLBank and our banks to respond to local and regional affordable housing needs.

By creating static lists of prescribed requirements you are effectively removing the very valuable information that is available now through the Advisory Councils. Both our FHLBank and our community banks rely on this information about local housing needs and how the AHP can have the most impact in our communities.

We commend FHFA for working to update the AHP regulation. However, due to the concerns above, we respectfully ask that you reconsider parts of the proposed rule, especially the required outcomes framework. Thank you for hearing our ideas on this very important subject. If you have any questions, please feel free to contact me at bill.holmes@arkbankers.org.

Sincerely,

A handwritten signature in black ink, appearing to read "William R. Holmes". The signature is fluid and cursive, with a long horizontal stroke at the end.

William R. Holmes

President & CEO, Arkansas Bankers Association