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June 7, 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 recently released proposed rulemaking regarding the Affordable Housing Program (“AHP”) of the Federal Home Loan Banks (FHLBanks). The Mississippi Bankers Association (MBA) has represented the banking industry in Mississippi for 130 years, and our member institutions hold more than 95% of bank deposits in Mississippi.

Many MBA-member banks support affordable housing projects that receive Affordable Housing Program (AHP) gap financing. I am writing today on behalf our membership to provide comment on the Federal Housing Finance Agency’s (FHFA’s) proposed changes to the AHP regulations administered in Mississippi by the Federal Home Loan Bank (FHLB) of Dallas.

Many Mississippi communities struggle with persistent, generational poverty. Our members believe that access to affordable housing is an important component of poverty relief. AHP financing through the FHLB of Dallas is an important source of housing funding in Mississippi, and many of our member banks have partnered with the FHLB of Dallas to utilize AHP to address housing concerns in markets around our state. In fact, over the last five years Mississippi residences have benefited from \$11,053,979 in AHP funding. This funding helps many of our member banks better serve their communities, and we are concerned that the proposed changes could potentially have a chilling effect on financing for very worthy projects.

Our association has serious concerns regarding the outcomes framework as proposed in the AHP regulation amendments. We believe that as local lenders and the FHLBanks work together to address housing issues, rules and methodologies should be flexible enough to allow lenders to adapt AHP funds to the needs of their local communities. 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. While these are noble goals, we are concerned that the new framework could unintentionally further restrict FHLBank discretion in addressing local housing needs, establish preferences for certain project types, and make AHP less transparent.

AHP is a very important source of funds for housing development, especially in many of the poor, rural communities in Mississippi. It is critical that the program be flexible enough to support projects needed

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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 in that it will allow FHLBanks to sufficiently respond to local needs, encourage all project types to apply, and maintain program transparency.

We commend FHFA for working to update the AHP regulation. However, because of our concerns expressed above, we respectfully ask that you reconsider parts of the proposed rule, especially the required outcomes framework.

Thank you for giving consideration to our comments on this very important matter. Please let us know if we can answer any questions regarding our position or provide any additional assistance.

Sincerely,



McKinley W. Deaver
President & Chief Executive Officer