



ALABAMA BANKERS ASSOCIATION
- INCORPORATED -

June 8, 2018

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
400 Seventh Street S.W.
Washington, DC 20219
ATTN: Comments/RIN 2590-AA83

Dear Mr. Pollard:

On behalf of the member banks of the Alabama Bankers Association, this letter expresses concerns about the FHFA's notice of proposed rulemaking published in the Federal Register on March 14, 2018. In this notice, the FHFA is proposing to amend its regulation on the Federal Home Loan Banks' (FHLBanks) Affordable Housing Program (AHP).

While the FHFA's efforts to support modernization of AHP are appreciated, the outcomes framework envisioned by the proposed rule potentially results in less flexibility, less transparency, and a more complex process for selecting projects for AHP funding. Since the proposed rule would require a significant percentage of AHP funds to be awarded to certain types of projects and sponsors, the outcomes framework will become the *de facto* scoring and needs allocation in each FHLBank district, creating a national, prescriptive program that may not allow individual FHLBanks the flexibility to address the particular needs of local communities. This runs counter to the rule's stated objective of providing flexibility and could ultimately make AHP a less attractive funding resource.

AHP is a critical source of funds for housing development in Alabama and should be flexible enough to support the projects needed in the communities served by our member banks. While the present AHP rules have their own challenges, they at least allow FHLBanks to quickly and sufficiently respond to local needs, encourage all project types to apply for AHP funding, and maintain program transparency.

In light of these concerns, the Alabama Bankers Association respectfully asks you to reconsider the proposed rule, especially the required outcomes framework. If you have any questions, please feel free to contact me at slatham@alabamabankers.com

Sincerely,

Scott E. Latham
President and CEO

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