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June 8, 2018

Sent Via Electronic Delivery: RegComments@fhfa.gov

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

RE: Federal Home Loan Bank Affordable Housing Program Comment Letter (RIN 2590-AA83)

Dear Mr. Pollard:

On behalf of the Oregon Bankers Association ("OBA") and our membership of Oregon's state and national banks, we appreciate the opportunity to comment on the above-referenced proposed rules ("Rules"). The OBA is supportive of the Federal Home Loan Banks' ("FHLB") Affordable Housing Program ("AHP") as well as the Federal Housing Finance Agency's ("FHFA") desire to make AHP regulation more effective. However, we have concerns that the Rules as currently drafted would curtail flexibility and lead to unintended consequences.

As stated in the Notice of Rulemaking, "The AHP has played an important role in facilitating the [FHLB] Banks' support of their members efforts to meet the needs of their communities." Being responsive to the needs of local communities should be a primary consideration in modernizing AHP regulation. The Rules should provide the FHLBs more flexibility in their scoring methodologies to allow the AHP to adapt and be responsive to housing needs in local districts. However, the framework contemplated in the Rules prioritizes FHFA's national goals. This is likely to result in less flexibility, less transparency, and a more complex process for selecting projects for AHP funding. Unfortunately, the Rules as drafted could tie the hands of the FHLB's in terms of being responsive to local affordable housing needs.

AHP is an important source of funding for housing and development across the nation and here in Oregon. Imposing required, national outcomes may lessen the opportunities for banks in certain regions to successfully participate in the AHP in the future. The penalty for not achieving the outcomes prescribed by FHFA could disincentivize participation in the AHP, or at the very least, limit the program's efficacy at a local level.

To further the point, the Rules would require a significant percentage of AHP funds to be awarded to certain types of projects and sponsors. Thus, the outcomes framework will likely become the de facto driver for allocation in each FHLB district, creating a federally-dictated prescriptive program that could make AHP a less attractive funding resource. Though it may be well-intended, it is difficult to see how such an approach can better address the housing needs of local communities than one allowing for greater flexibility among individual FHLBs.

We appreciate the efforts of FHFA to update AHP regulations. However, given that the Rules would limit flexibility and ability to address local concerns, we respectfully ask that you reconsider the Rules, particularly the outcomes framework. Thank you for the opportunity to comment on the Rules. If you have any questions, please contact me.

Very best regards,

A handwritten signature in cursive script that reads "Linda Navarro".

Linda Navarro, President and CEO
Oregon Bankers Association & Community Banks of Oregon