



June 12, 2018

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

Re: Notice of Proposed Rulemaking – Affordable Housing Program

Dear Mr. Pollard:

On behalf of our members, the Maryland Bankers Association (MBA), submits this letter to express concerns about the Federal Housing Finance Agency's (FHFA) 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).

Founded in 1896, MBA is the only Maryland-based trade group representing banks in the state. The approximately 100 banks operating in Maryland hold in excess of \$136 billion in FDIC-insured deposits in 1,600 branches across the state. MBA's members include banks of all sizes and charter types including: Maryland state-chartered banks, national banks and thrifts, and state banks chartered outside of Maryland. We appreciate your consideration of our concerns and our member's concerns regarding this issue.

On behalf of our members, MBA sincerely appreciates the FHFA's work to support modernization of AHP; however, we are concerned with the outcomes framework as envisioned by the proposed rule. MBA had hoped that the proposed rule 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 outcomes framework prioritizes FHFA's overall housing goals, resulting in less flexibility, less transparency, and a more complex process for selecting projects for AHP funding. The unintended consequence of this approach is that it has the potential to severely restrict FHLBank discretion in addressing local housing needs.

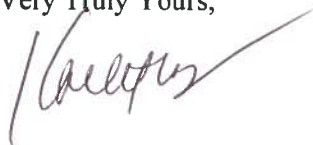
AHP is a critical source of funds for housing development and should be flexible enough to support the projects needed in the communities served by our members. While the present AHP rules present challenges to addressing unique local housing needs, they allow FHLBanks to quickly and sufficiently respond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

In contrast, the new outcomes framework introduces a complex award structure that runs counter to the rule's stated objective of providing more flexibility. 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 will ultimately make AHP a less attractive funding resource.

I commend FHFA for working to update the AHP regulation. However, in light of the concerns above, MBA respectfully asks that you reconsider the proposed rule, especially the required outcomes framework. If you have any questions, please feel free to contact me at [443-837-1601 or kmurphy@mdbankers.com].

Sincerely,

Very Truly Yours,

A handwritten signature in black ink, appearing to read 'K. Murphy', with a long, sweeping flourish extending to the right.

Kathleen M. Murphy
President and CEO