



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 the more than 50 banks that are members of the Washington Bankers Association and the Federal Home Loan Bank of Des Moines, I am writing to express our concerns about the Federal Housing Finance Agency's (FHFA) notice of proposed rulemaking, amending FHFA's regulation on the Federal Home Loan Banks' (FHLBanks) Affordable Housing Program (AHP).

Our member banks are concerned with the outcomes framework as proposed in the AHP regulation amendments that reduce flexibility in scoring methodologies for AHP funds. The unintended consequence of this approach is that the proposed outcomes further restrict the FHLBanks' 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. WBA member banks have successfully applied for AHP funds in recent years along with their sponsor partners. The outcomes framework as proposed in the amendments introduces a complex award structure that makes the AHP scoring process unclear and will make it 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.

As a longtime member of the Federal Home Loan Bank of Seattle and later Des Moines Bank I share a unique appreciation for the challenges facing AHP and the need for modernization. While we commend the FHFA for the work to update the AHP regulation, due to these concerns, we respectfully ask that you reconsider the proposed rule, especially the required outcomes framework.

Sincerely,

A handwritten signature in black ink, appearing to read 'Glen Simecek', is written over a light blue horizontal line.

Glen Simecek
President & CEO