

May 31, 2018  
Alfred M. Pollard  
Attn: Comment/RIN 2590-AA83  
Federal Reserve 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**

Dear Mr. Pollard

First Interstate Bank (FIB) is a Regional bank headquartered in Billings, MT. FIB is an active member bank of the FHLB Des Moines and supports many affordable housing developers in obtaining gap financing through the AHP program - first with FHLB Seattle and now Des Moines. Since the inception of the AHP competitive application program, FIB has provided member bank sponsorship for 31 projects for total AHP funding of \$7,136,948.

Our sponsor partners have worked hard to provide sustainable affordable housing for our communities. We are happy to be a part of that positive community impact. The proposed rule changes will make these partnerships much more difficult and reduce the positive impacts for our communities. This process is already very competitive with many worthy projects not receiving funding and based on the proposed changes it will be even more competitive in the future. So much so that it is more than likely to drive out some affordable housing developers which is contrary to the goal of the AHP programs to increase the amount of sustainable affordable housing.

FIB's participation in the program has proven greatly beneficial not only to our company in the way of CRA consideration but most importantly to the communities in which we live and work. First Interstate would like to support an improved and simplified AHP process, but this proposed rule change seems to both complicate the process and have requirements that are excessive. Specifically, the minimum requirements for special needs and homeless populations will make it more difficult for projects to "pencil" and will generate an ongoing need for significant operating subsidies that are unlikely to be available in smaller rural areas. In addition, the minimum requirements for very-low income households at 55% will drive a need for more gap financing and reduce the economic diversity of the projects being developed.

Setting national priorities will not allow for the flexibility necessary to achieve success in more rural areas of the country where needs are very different from urban population centers. Our footprint covers some of the most rural states in the union like Montana, Wyoming, South Dakota, and Idaho. For this reason FIB is opposed to the proposed rule change and would advocate for keeping the AHP process in its current form at this time.

Thank you for your time and for your attention to the concerns our organization has regarding the proposed rule changes.

Sincerely,

**Johnnie McClusky**  
Community Development Manager  
First Interstate Bank  
1800 6<sup>th</sup> Ave N.  
Billings, MT 59101