



January 30, 2019

Mr. Alfred M. Pollard
Federal Housing Finance Agency
Eight Floor
400 Seventh Street, SW
Washington, DC 20219

Regarding: Federal Home Loan Bank Housing Goals Amendments – RIN 2590-AA82

Dear Mr. Pollard:

The Community Bankers Association of Illinois (“CBAI”), which proudly represents almost 320 Illinois community banks, approximately 85% of which are also members of the Federal Home Loan Bank of Chicago, appreciates the opportunity to provide our observations and recommendations regarding the Federal Housing Finance Agency (“FHFA”) Notice of Proposed Rulemaking regarding Federal Home Loan Bank Housing Goals Amendments (“Proposal”). CBAI acknowledges the FHFA’s Proposal “would replace the existing Federal Home Loan Bank (“Bank(s)”) housing goals with new, streamlined goals that reflect the Banks’ unique mission while supporting affordable lending. The proposed rule would provide certainty for the Banks by informing them of housing goal levels in advance and would provide clarity and flexibility for the Banks by consolidating multiple goals into a more straight-forward measurement of

CBAI is dedicated to exclusively representing the interests of Illinois community banks and thrifts through effective advocacy, outstanding education, and high quality products. CBAI’s 320 members hold more than \$70 billion in assets, operate 860 locations statewide, and lend to consumers, small businesses, and agriculture. For more information, please visit www.cbai.com.

performance. The proposed rule would also establish a new housing goal that would measure the extent to which smaller members are participating in Acquired Member Assets (“AMA”) program. CBAI appreciates the simplification, flexibility and phase-in period the FHFA has provided in the Proposal. However, there are several areas which we believe clarification and adjustment are needed to further improve this Proposal.

The Proposal establishes a new “small member” participation housing goal, in which 50% of members that sell AMA loans to their Banks should be comprised of small members whose total assets are below the threshold for the definition of a community financial institution (“CFI”) which is currently \$1.173 billion. The definition of a CFI should include all types of eligible CFIs and not just those which meet the CFI classification. Credit unions, for example, should not be excluded from the definition of CFI as long as they are under the CFI asset size. Including all eligible CFIs would present a more complete picture of the Banks’ performance in complying with the Proposal.

Additionally, there is some uncertainty when determining the eligibility for a “small member.” CBAI recommends that a rolling three-year average based on the institution’s total assets disclosed in its latest regulatory filings for each of the most current three calendar years be used to determine the eligibility to qualify as a CFI for the entire following year. This method will eliminate the uncertainty and provide for a more transparent and clear tracking of qualifying CFIs.

Thank you for considering our observations and recommendations on this important issue. If you have any questions or require any additional information, please contact me at davids@cba.com or (847) 909-8341.

Sincerely,

/s/

David G. Schroeder
Senior Vice President
Federal Governmental Relations