

United States Senate

January 31, 2019

COMMITTEES:
FINANCE
BANKING, HOUSING, AND
URBAN AFFAIRS
ENERGY AND NATURAL RESOURCES
INDIAN AFFAIRS
RULES AND ADMINISTRATION

Alfred M. Pollard
General Counsel
Attention: Comments/RIN 2590-AA82
Federal Housing Finance Agency, Eighth Floor
400 7th Street SW
Washington, DC 20219

Re: Notice of proposed rulemaking/Docket Number: FHFA-2018-0030-0001

Dear Mr. Pollard,

I write in support of the Federal Housing Finance Agency's (FHFA) proposed rulemaking updating and expanding the Affordable Housing Goals for the Federal Home Loan Bank System (FHLBanks). I believe the rule as proposed is a vast improvement to the current affordable housing goals. The nation's dire affordable housing crisis requires greater leadership from the FHLBanks and its member institutions. These expanded requirements are consistent with the mission of the FHLBanks to provide investments in affordable housing and community development.

I support these elements of the proposed rule:

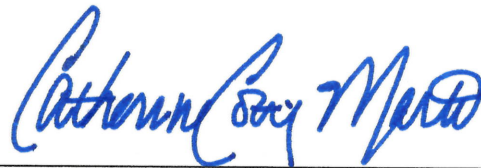
- **Include goals for all Acquired Member Asset (AMA) participants.** I support the recommendation that each FHLBank that purchases mortgages through the Acquired Member Asset (AMA) program should have a target for affordable housing mortgages purchased, regardless of the size of the AMA portfolio. The previous requirement set a threshold of \$2.5 billion per FHLBank, which is inconsistent with the mission responsibility for each FHLBank to meet the affordable housing needs in its region.
- **Reasonable and attainable purchase goals.** I support the requirement that any FHLBank that provides AMA mortgages ensure that at least 20% of the single-family mortgage purchased are affordable to low-income and very-low income buyers as well as borrowers in low-income, minority and disaster census tracts. Many of these borrowers have trouble attaining financing and it is consistent with the mission of the FHLBanks to serve them. I support the proposed flexibility that allows a FHLBank to propose its own target level as long as FHFA approval and public notice of the change are required. I would not want goals lower than those currently proposed unless there is a specific reason such as the loss of a Member bank or major recession. I also support a cap on the number of loans to higher-income borrowers that can count toward the goal. I support allowing federally-guaranteed loans such as those from the Federal Housing Administration, the Department of Veterans Affairs and the United States Department of

Agriculture to count towards the goals. Finally, I support changes that eliminate the confusing treatment of out-of-district loans in the current rules.

- **Reasonable and attainable small member goal.** I support requiring that 50% of AMA users be small banks or credit unions with less than \$1.173 billion in assets. I would also want mortgages offered through Housing Finance Agencies and Community Development Financial Institutions (CDFIs) to be included in the small member goal. This portion of the rule seems unclear as the definition of “CFI asset cap” could be read as limiting the measurement to certain banks and not others such as banks or credit unions that do not qualify as a CFI, CDFIs or HFAs; those should also be included. The FHLBanks were established as a cooperative to serve their members, the bulk of whom are small banks and credit unions. I support the caveat that, if the goal of 50% is not met, a FHLBank can still meet the requirements if it is showing significant and measurable progress.

I believe the rule has met its four objectives: (1) meaningful in its effect on affordable housing, (2) achievable for the Bank, (3) forward looking in scope, and (4) adaptable to the different bank districts. I appreciate the leadership of the FHFA leadership and staff in ensuring that the FHLBanks expand their contribution to meeting the affordable housing needs of this nation.

Sincerely,



Catherine Cortez Masto
United States Senator