

Federal Home Loan Bank (FHLBank) Housing Goals Proposed Rule (83 Federal Register 55114 (November 2, 2018)) (Proposed Rule)
Meeting of Federal Housing Finance Agency (FHFA) with Credit Union National Association (CUNA), Mortgage Bankers Association (MBA), National Association of Federal Credit Unions (NAFCU), and National Council of State Housing Agencies (NCSHA)
February 12, 2019; 10:00am EST
400 7th St, SW, Washington, D.C. 20219

Attendees:

FHFA: Ethan Handelman, Christina Muradian, Adam Pecsek, Mike Price, Kevin Sheehan, and Danielle Walton
CUNA: Mitria Wilson
MBA: Daniel Fichtler
NAFCU: Sarah Jacobs and Ann Kossachev
NCSHA: Gregory Zagorski

Summary: On February 12, 2019, FHFA met with the above-listed attendees to discuss the proposed rule. The following is a summary of this discussion, as captured by FHFA staff.

“Community financial institution or CFI” and “CFI asset cap”

Attendees generally raised concerns that, although the proposed rule would not require that any specific percentage of a FHLBank’s Acquired Member Assets (AMA) users (as that term is defined in the proposed rule) be community financial institutions (CFIs), the inclusion of definitions for “community financial institution or CFI” and “CFI asset cap” may create confusion. Specifically, attendees suggested that use of these defined terms may create the misimpression that the proposed rule would exclude some AMA users that should be included, or would require a specific percentage of each FHLBank’s AMA users be CFIs. Attendees recommended that, if FHFA were to adopt some version of the small member participation goal in the final rule, the final rule address any such possible misunderstanding. FHFA staff stated that the intent of the proposed rule was not to require that any specific percentage of each FHLBank’s AMA users be CFIs, and noted that the text of the proposed rule would not create any such requirement.

Prospective mortgage purchase and small member participation housing goals

Attendees provided mixed feedback on the proposed housing goals levels. One attendee representing NAFCU indicated that the 20 percent mortgage purchase housing goal in the proposed rule may be too high for some FHLBanks to achieve in certain markets, while an attendee representing CUNA indicated that the 20 percent mortgage purchase housing goal might be too low. An attendee representing NAFCU noted the proposed phase-in period, which would provide that FHFA would not impose a housing plan in the event that a FHLBank failed to meet

either the mortgage purchase or small member participation housing goal in 2020 or 2021. This attendee indicated that the elimination of the current \$2.5 billion threshold for purposes of goals applicability might create uncertainty in the market by incentivizing some FHLBanks which had not been subject to the housing goals to cease their AMA activity entirely. This attendee recommended that, if FHFA were to issue a final rule that eliminates the threshold, that FHFA ensure the rule provides adequate flexibility to allow for the market to adjust to this change.

One attendee representing NCSHA emphasized the importance of housing finance agencies (HFAs) in providing affordable housing. This attendee stated that many HFAs have assets in excess of the current CFI asset cap. The attendee recommended that the final rule specifically allow AMA mortgages purchased from HFAs to count towards the small member participation goal, regardless of the size of the HFA.

In response to an inquiry from FHFA staff, no attendee identified any current impediments to AMA participation by small members.