N A A H L

NATIONAL ASSOCIATION OF AFFORDABLE HOUSING LENDERS

February 3, 2012
Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590–AA38
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024
RegComments@fhfa.gov

Dear Mr. Pollard:

The nation's conventional lenders play a significant role in financing affordable housing in the United States, helping to revitalize low- and moderate-income (LMI) communities, and providing apartments that families are proud to call home. The National Association of Affordable Housing Lenders (NAAHL) is a national network of for-profit and non-profit lenders – including the Federal Home Loan Banks (FHLBanks) – that are committed to increasing the flow of private capital to underserved areas. We appreciate the opportunity to comment on the proposed rule that would amend the regulation regarding how FHLB members comply with the Community Reinvestment Act (CRA) in order to maintain their eligibility for access to long-term advances.

As you described in your Notice, under current regulations FHFA reviews each member institution's biannual support statements containing their most recent CRA evaluation and record of lending to eligible first-time homebuyers. This system appears to have worked well, with a very small minority of member institutions failing to maintain their eligibility. Consequently, we have the following concerns with the proposed changes to the current rule.

FHFA is a regulatory agency with many years' experience in reviewing and determining adequate community support. Having a single, experienced regulator enforce the law presumably facilitates consistency and equal treatment. Shifting regulatory responsibilities to 12 Federal Home Loan Banks creates uncertainty about consistent procedures and enforcement. Turning over interpretation, administration, and enforcement of the community support rules may create confusion about how member-owned cooperatives can regulate their member institutions.

The proposal to bar a "Needs to Improve" member from accessing certain FHLB products seems counterproductive. Under the current regulation FHLB member institutions are first placed on probation, which allows them continual access to the FHLB's Affordable Housing Program and other community investment products. These products help an institution improve its CRA performance. The rule should permit a "Needs to Improve" member to continue to access these products to address its community support deficiencies, unless and until the institution receives a second "Needs to Improve", when access should be severed.

As always, we look forward to working with you to increase the flow of private capital to underserved areas.

Sincerely,

Judith A. Kennedy
President and CEO

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