FHLBank ATLANTA
A FEDERAL HOME LOAN BANK

Raymond R. Christman
President and Chief Executive Officer

June 23, 2005

Federal Housing Finance Board
1777 F Street NW
Washington, DC 20006
Attention: Public Comments

Re: Federal Housing Finance Board.
Proposed Collection; Comment Request: Affordable Housing Program (AHP).
2005-N-02.

Ladies and Gentlemen:

On April 26, 2005, the Federal Housing Finance Board (Finance Board) published proposed changes to the Affordable Housing Program (AHP) information collection requirements applicable to the Federal Home Loan Banks (FHLBanks). The Federal Home Loan Bank of Atlanta (FHLBank Atlanta) is pleased to submit the following comments on the proposed changes:

1. Importance of Database; Reporting Frequency. FHLBank Atlanta strongly supports the Finance Board's efforts to develop a database to serve as a consistent, reliable source of information on AHP activity at the twelve FHLBanks, and agrees that AHP data elements (unless they contain confidential information) should be made available to the general public. We also welcome the proposed reduction in reporting frequency for project-level data to a single annual report.

2. Retroactive Reporting of New Data Elements. If the Finance Board intends to apply the new information collection requirements to projects approved or completed prior to the effective date of the final rule, there needs to be an exception made for new data elements. It would be difficult, and in many cases practically impossible, for an FHLBank to revisit approved or completed projects to obtain information that the FHLBank was not previously required to gather from project participants. And due to differing district priorities, some data elements will be new to some FHLBanks but not others. We recommend that the FHLBanks only be required to collect new data elements for projects approved after the date of adoption of the final regulation. In our data-element-specific comments set forth on **Exhibit 1** to this letter, we have identified the data elements that would be new to FHLBank Atlanta.

3. First and Second Mortgage Information. In the proposal, the Finance Board indicates that new data elements regarding first and second mortgages for set-aside program

1475 Peachtree St., NE | Atlanta, GA 30309 | 800.536.9650 | 404.888.8088 | rchristman@fhlbatl.com | Fax: 404.897.1846

recipients are included to ensure that AHP subsidies provided by an FHLBank to a member are passed on to the ultimate borrower. Although many members are required to provide this information to regulatory agencies, the requested information would not provide assurance that the AHP subsidy has been passed through successfully. Since the data is not used to determine compliance with AHP statutory or regulatory requirements, we do not believe its collection should be required as part of the new AHP proposal.

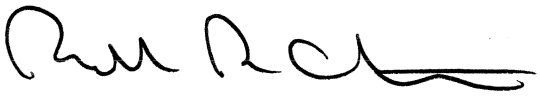
4. Implementation of Systems Changes. Although in issuing the proposed changes the Finance Board stated that it did not intend to require the FHLBanks to modify or adopt new electronic information management systems, such system modifications will be required. Once the data elements are finalized, each FHLBank will need sufficient time to reprogram its database to collect any new data and any data that will be reported in a different format. Depending on the extent of the required changes and the other information technology priorities at the individual FHLBanks, it may take up to six months to design, program and test the systems. We request that the Finance Board keep this in mind when determining the effective date of the final rule.

5. Comments on Specific Data Elements. In addition to the more general comments above, we have attached as **Exhibit 1** to this letter FHLBank Atlanta's comments on specific data elements that the Finance Board proposes to include in the revised AHP information collection requirements. The numbered comments set forth on the exhibit correspond to Appendix A of the Finance Board proposal.

6. Data Reporting Manual. We note that the Finance Board expects that AHP information collection requirements will be included in the Data Reporting Manual (DRM) that the Finance Board is in the process of developing. This comment letter is limited to AHP information collection only, and is in addition to the comments on the proposed DRM rules previously distributed by FHLBank Atlanta to the Finance Board, and any subsequent comments thereon.

We appreciate the Finance Board's consideration of our comments and concerns. Should you have any questions with respect to the foregoing, please do not hesitate to contact Lynn Brazen, First Vice President and Director of Community Investment Services, at (404) 888-8177.

Sincerely,



Raymond R. Christman

EXHIBIT 1

Data-Element-Specific Comments*

8. We do not currently have MSA or Census Tract data for individual home ownership units and we do not have MSA for rental projects. These would be new data elements. If MSA is required, the Finance Board should specify if the MSA is to be reported by MSA number or by MSA name.

17. Because all rental projects are required to have 15 years retention and ownership project units are required to have five, it is not clear why this information needs to be reported.

20. To facilitate initial and long-term monitoring activities that are keyed off of the completion date, FHLBank Atlanta assigns a June 30 completion date to all projects reported complete between January 1 and June 30. Projects completed between July 1 and December 31 receive a December 31 completion date. We believe that the date the FHLBank records the project as complete is the most appropriate date to use.

26. In footnote #7 of Appendix A to the Finance Board proposal, we do not understand how a member other than the AHP member could draw down the AHP subsidized advance.

27. "Deobligated" should only apply to funds that were awarded but never disbursed to the project. This would only occur in the case of projects that do not draw down their funds by the project time limit established by the FHLBank, projects that request a withdrawal of the entire project or a portion of the awarded funding, or projects using a subsidized AHP advance where at the time of takedown the full amount of the subsidy is not required because the FHLBank's cost of funds has declined.

28. "Recaptured" should apply to all funds that have been disbursed to a project (or a homebuyer under the set-aside program), but are then returned to the program. This would include funds returned as a result of non-compliance, but would also include funds returned to the program if a homebuyer prepays a portion of the subsidy when they sell or refinance their home (in that voluntary repayment of the unamortized portion of a direct subsidy by a homeowner is not actually non-compliance).

32. - 36. Some FHLBanks have captured member financing information because it was a district priority. For other FHLBanks, these would be new data elements.

37. - 41. The proposed regulations reference these data elements as "priorities in AHP

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* The number preceding each individual comment refers to the corresponding item in Appendix A to the Finance Board proposal.

Statute." The current AHP scoring regulations but do not specify HUD-owned property (and this is not specified in the statute). Please also note that HUD-owned property is technically federal government property. Currently we record federal government and donated properties in the same data element because they are part of one scoring category. This information is not recorded separately for federal government property and HUD-owned property (elements 37 and 38). Nonprofit sponsors and the various forms of state and local entities are included in one scoring category for nonprofit or local government sponsors. This information is not recorded separately in our database for each type of sponsor (elements 39, 40 and 41). The purpose of collecting data in these separate categories is not clear. To report them separately would require the creation of new data elements for each.

50. Reporting households at 30% of AMI would be a new data element.

52. This would be a new data field for FHLBank Atlanta, as it has not been a district priority for FHLBank Atlanta and is not otherwise captured as part of the scoring process.

53. This would be a new data field for FHLBank Atlanta, as it has not been a district priority for FHLBank Atlanta and is not otherwise captured as part of the scoring process.

56. This would be a new data field for FHLBank Atlanta, as it has not been a district priority for FHLBank Atlanta and is not otherwise captured as part of the scoring process. In addition, we are not certain what "special needs" means in Footnote #12. To be included, must the project serve "special needs" and provide services? If the project serves "special needs," but there are no services, is the project excluded? If there are services but the residents are not "special needs," is the project excluded?

58. This information is not available in our database for projects approved prior to 2003B.

61. - 62. We recommend that these data elements be changed to reflect the total development cost of the project at the final takedown. The project financials at completion will be reviewed as part of the Initial Monitoring Review, but this information may not yet be available at the time of reporting to the Finance Board on projects completed in the prior year. We also do not have this information in our database for projects approved prior to 2003B.

63. - 66. These would be new data elements. We do not currently record the information. Additionally, please describe what might be considered "other" since #42-#46 includes all federal programs, #63 and #64 cover state and local, and #65 would cover any private (corporate or foundation) charitable sources. We cannot think of any other sources of subsidy.

67. Information "as projected in the application" is not available in our database for projects approved prior to 2003B..

70. This would be a new data field.

72. - 73. Currently our database combines these two features at the project level. To report them separately at the unit level would require new data fields.

75. A second mortgage is a tool to record funds used for #72 (down payment) or #73 (closing costs). We do not understand what information you propose to collect under this data element.

76. This would be a new data element. Do you intend this to include only permanent first mortgages (since second mortgages are also permanent—see #80)? Also, would you include loans structured as construction-to-permanent loans (one loan funded in draws that stays in the project and is converted to a permanent loan) as permanent loan?

77. This would be a new data element. It is not clear why this data element is needed. We do not recall a project ever using AHP for a bridge loan only.

79. - 80. These would be new data elements. The uses of AHP for principal reduction and as a second mortgage appear to be the same thing, so we do not understand why they are included as two separate data elements.

83. The "as proposed" information is not available in our database for projects approved prior to 2003B.

85. This would be a new data element. We record units at 51-65% AMI.

86. This would be a new data element. We record units at 50-65% and 66-80% AMI.

87. This would be a new data element.

88. This would be a new data element. Please explain what you mean by additional non-AHP subsidy after completion. It is not clear how a project would be able to obtain additional subsidy after completion or how we would become aware of additional subsidy that a project might attract after completion.

89. - 90. This information is not available in our database for projects approved prior to 2003B.

95. Since HOEPA does not apply to residential purchase money or construction loans, we recommend this data element be removed.

100. Please explain what constitutes "carry over." If an FHLBank disburses an amount that at least equals its annual allocation, but not every dollar of funds that may be returned to the program as a result of withdrawals, deobligations, etc. does this mean there is no "carry over?"

104. Does "obligated" mean the same as awarded by the FHLBank (committed)?

95, 108 -109. These data elements should be included on the table that lists reporting requirements for non-competitive homeownership program. We also note that in this table item #96 uses the word "other" with homeowner closing costs whereas the data element list does not include the word "other" for #96.