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April 26, 2006

Federal Housing Finance Board
 1625 Eye Street, NW
 Washington, DC 20006

SUBJECT: Federal Housing Finance Board
 Proposed Rule: Affordable Housing Program Amendments
 RIN Number 3069-AB26
 Docket Number 2005-23

ATTENTION: Public Comments

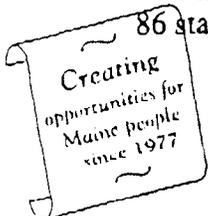
To Whom It May Concern:

I am pleased to submit comments on the proposal by the Federal Housing Finance Board to amend its Affordable Housing Program regulation published in the Federal Register, Vol. 70, No. 248, December 28, 2005.

On behalf of Coastal Enterprises, Inc. (CEI), I would like to express our general support for the proposed changes. We wholeheartedly support the commitment of the Federal Housing Finance Board to expand the range of the Affordable Housing Program. In particular, we are very supportive of the proposal to expand the definition of "sponsor" to revolving loan funds and loan pools, and to clarify and strengthen the duties of the Affordable Housing Program Advisory Councils. We are concerned, however, that the Advisory Council role not be seen as a substitute for having public interest members of the Board of Directors who have specific knowledge of affordable housing finance and community development.

CEI is a 27-year old private nonprofit community development corporation and community development financial institution (CDC/CDFI). We are a growing community-based and regional financial intermediary, and work closely with other CDFIs, public and private sources on investments and programs that create opportunities for people and places cut off from the economic mainstream. We are primarily a rural CDC/CDFI based in Maine, our primary market.

CEI's mission is to create economically and environmentally healthy communities in which all people, especially those with low incomes, can reach their full potential. With 86 staff, a 15-member board of directors representative of the private and public sectors,



*A private, nonprofit community development corporation founded in 1977
 to provide financial and technical assistance to the people, businesses and communities of Maine
 CEI is an equal opportunity provider*

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and several subsidiaries, CEI now manages over \$250 million in capital. Since inception, CEI has participated in over \$1.1 billion of financing for small businesses, natural resource industries, community facilities and affordable housing. We have provided business and housing counseling to thousands of fledgling entrepreneurs, homeowners, refugees seeking new opportunity, and the preservation of the farming, fishing and forest industries.

CEI is an active participant in the Affordable Housing Program (AHP) through the Federal Home Loan Bank (FHLB) of Boston and one staff member served on the Advisory Council for six years. As a community-based rural CDC/CDFI, we share with the Federal Housing Finance Board (FHFB) a commitment to seeing the AHP expanded so that more rural Americans can have access to safe, decent, and affordable housing.

Historically, CEI successfully used the AHP program to capitalize a revolving loan fund that provided "soft second" mortgages to people with disabilities who were first-time homebuyers. Our program created homeownership opportunities for 74 families throughout the state of Maine before changes in the AHP scoring criteria made it impossible to successfully compete for funds. This was a very successful program that has experienced very little turnover and no foreclosures.

Revolving loan funds and loan pools have a natural affinity for homeownership creation, which in turn is a natural fit for rural areas. Relatively low land costs and the simplicity of construction techniques make homeownership almost as affordable as newly constructed rental housing. Loan funds are better able to match the timely capital needs of smaller scale scattered site development efforts that are typical in rural areas and would never score well in AHP competitions. Community-based efforts designed to build a few units on community provided land would benefit greatly from both the financing and technical assistance typically provided by revolving loan funds.

We enthusiastically support the proposal to expand the definition of "sponsor" to allow the use of AHP subsidy by revolving loan funds. CEI manages several revolving loan funds, including funds targeted to affordable housing and homeownership. We believe that CEI – and other CDCs and CDFIs – could significantly expand the impact of affordable housing opportunities created by the AHP. For instance, there is great strain on the system to preserve affordable housing in rural areas. The State of Maine is expected to lose up to 500 affordable units per year and this number is expected to increase to 1,000 units annually. CEI is expanding its efforts to preserve these kinds of units in rural Maine and the AHP program could be an important resource for this effort. We look forward to working with the FHFB to see that this rule change is implemented successfully.

We are also supportive of the FHFB proposal to clarify and strengthen the terms and duties of the FHLB AHP Advisory Councils, however, we do not support the proposal to allow the Banks to appoint Advisory Council members with different term lengths. We believe all Advisory Council members should serve terms of the same length, such as

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terms of three years. Such terms could be staggered to provide continuity and would provide the Advisory Councils with stability and greater institutional knowledge.

The proposed changes to the Advisory Councils are important but we share the concerns of the Opportunity Finance Network that the Advisory Council is no substitute for Directors with knowledge and expertise in affordable housing finance and community development. We are concerned by the large number of vacancies currently on the FHLB boards, particularly the absence of public interest Directors. The Federal Home Loan Bank of Boston expressed these same concerns to the Federal Housing Finance Board in a letter dated February 17, 2006 and we echo the concerns expressed in that letter. We believe strongly that public interest Directors provide crucial information to the FHLBs on affordable housing finance needs and opportunities and are a source of vital information to help the AHP function successfully. To that end, we encourage you to fill these vacancies as soon as possible.

Thank you for the opportunity to comment on proposed amendments to the Affordable Housing Program. Please feel free to contact me at 207-882-7552 or rlp@ceimaine.org if you have questions about my comments.

Sincerely,



Ronald L. Phillips
President

cc: Senator Olympia J. Snowe
Senator Susan M. Collins
Representative Thomas H. Allen
Representative Michael H. Michaud
Robert F. Verdonck, Chairman, Federal Home Loan Bank of Boston
Michael Jessee, President & CEO, Federal Home Loan Bank of Boston
John T. Eller, Senior Vice President, Housing and Community Investment,
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