



Federal Housing Finance Board
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September 1, 1998

[REDACTED]
[REDACTED]
Federal Home Loan Bank of [REDACTED]
[REDACTED]
[REDACTED]

Re: Request for Waiver of Regulatory 60-Day Requirement for Submission of Amendments to AHP Implementation Plan

Dear Mr. ■

This is in response to your July 17, 1998 letter to Richard Tucker, in which the Federal Home Loan Bank (Bank) of ■ requested a waiver of the requirement in section 960.3(b)(4) of the Federal Housing Finance Board's (Finance Board) revised Affordable Housing Program (AHP) regulation. This regulation requires the Bank to submit to the Finance Board and Advisory Council any amendments to its AHP Implementation Plan (Plan) for the 1998 AHP second funding period at least 60 days prior to distributing its AHP application request materials. See 12 C.F.R. § 960.3(b)(4). As discussed further below, given the circumstances of this case, Finance Board staff will not take supervisory action against the ■ Bank for failure to submit its Plan amendments to the Finance Board within the required 60-day period under section 960.3(b)(4).

Background

On June 26, 1998 the ■ Bank's board of directors adopted amendments to its AHP Implementation Plan applicable to the 1998 AHP second funding period, after providing its Advisory Council an opportunity to review the proposed amendments. The ■ Bank set October 15 as the deadline for receipt of AHP applications for the second funding period. The ■ Bank typically mails AHP application request materials eight weeks prior to the funding period application deadline in order to allow for timely development of projects and applications. Thus, the ■ Bank wanted to distribute its AHP application request materials on August 17 - eight weeks before the October 15 deadline. Had the ■ Bank submitted the Plan amendments to the Finance Board on June 26, 1998 and waited 60 days it would have been able to distribute the AHP application request materials on August 26, 1998. This would have given potential applicants nearly seven weeks to complete their AHP applications.

The ■ Bank, however, did not send the Plan amendments to the Finance Board until July 17, 1998. Therefore, the Bank's adherence to the 60-day waiting period would not permit the Bank to send out application materials until September 17, giving potential applicants less than four weeks to prepare and complete their applications, which the ■ Bank believed was not a sufficient amount of time. Your letter, therefore, requested a waiver of the requirement in § 960.3(b)(4) that the Bank must submit its Plan amendments to the Finance Board and Advisory Council 60 days prior to the date of distribution of its AHP application request materials. In the meanwhile, the ■ Bank distributed its AHP application request materials on August 17.

Analysis

Section 960.3(b)(4) of the revised AHP regulation provides that:

A Bank shall submit its initial AHP implementation plan, and any amendments, to the Finance Board and the Bank's Advisory Council at least 60 days prior to distributing requests for applications for AHP subsidies for the funding period in which the plan, or amendments, will be effective.

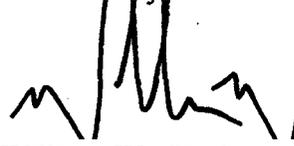
See *id.* (emphasis added), The ■ Bank's action in distributing its AHP application request materials on August 17, without having submitted its Plan amendments to the Finance Board within the required 60-day period violated section 960.3(b)(4) of the AHP regulation.

See *id.* According to the ■ Bank, it could not submit the amendments to the Finance Board before the Advisory Council and board directors had reviewed and approved the Plan amendments. Meetings of the Advisory Council and board of directors did not take place in time to permit the Bank to submit the Plan amendments to the Finance Board before July 17, 1998. Accordingly, given these circumstances, Finance Board staff will not recommend or take supervisory action against the ■ Bank for its failure to comply with the 60-day requirement for submission of its Plan amendments to the Finance Board under section 960.3(b)(4) of the AHP regulation. See *id.*

This "no-action" position applies only to the ■ Bank's failure to adhere to the regulatory requirement under section 960.3(b)(4) of waiting at least 60 days following the date of the submission of its Plan amendments to the Finance Board before distributing requests for applications for AHP subsidies. This letter does not address or cover issues concerning the compliance of the Plan amendments, themselves, with the requirements of the revised AHP regulation. The Finance Board is undertaking a separate review of the Plan amendments in order to determine their compliance with the AHP regulatory requirements.

Please contact Richard Tucker, Deputy Director, Compliance Assistance Division, Office of Policy, at (202) 408-2848, if you have any questions.

Sincerely

A handwritten signature in black ink, appearing to read 'William W. Ginsberg'. The signature is stylized with a prominent vertical stroke in the center.

William W. Ginsberg
Managing Director.

cc: Bruce A. Morrison
Deborah F. Silberman
James L. Bothwell
Mitchell. Berns
Richard Tucker