



Federal Housing Finance Board

1777 F Street, N.W. Washington, D.C. 20006

Telephone: (202) 408-2500

Facsimile: (202) 408-1435

www.fhfb.gov

October 14, 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. [REDACTED]

This is in response to your September 2, 1998 letter to Richard Tucker, in which the Federal Home Loan Bank (Bank) of [REDACTED] 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). While Finance Board staff will not recommend a waiver for the benefit of the Bank to the Board of Directors, as discussed further below, given the circumstances of this case, Finance Board staff will not take or recommend supervisory action against the Pittsburgh 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 July 24, 1998, the [REDACTED] 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. At a subsequent Advisory Council meeting on September 10, 1998, Council members were provided with the final board-approved version of the AHP Implementation Plan changes. On September 22, 1998, the Bank forwarded a copy of the changes to the Finance Board accompanied by a request to waive the Finance Board's 60-day review period for changes to the Plan.

The [REDACTED] Bank set October 1 as the deadline for receipt of AHP applications for the second funding period. The Pittsburgh Bank typically mails AHP application request materials at least six weeks prior to the funding period application deadline in order to allow for timely

development of projects and applications. Thus, the ██████ Bank distributed its AHP application request materials on August 17 - six weeks before the October 1 deadline. Had the ██████ Bank submitted the Plan amendments to the Finance Board on July 24, 1998 and waited 60 days, it would not have been able to distribute the AHP application request materials until September 24, 1998, which is less than one week before the application deadline. This would not have given potential applicants sufficient time to complete their AHP applications. 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.

Analysis

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

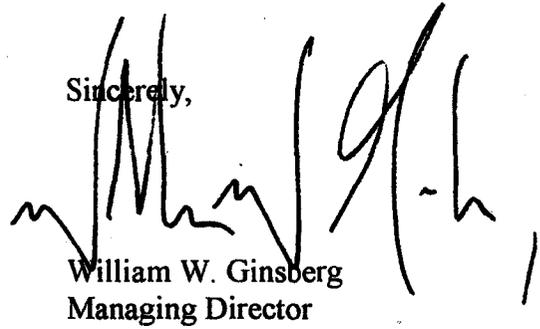
A Bank shall submit its initial AHP implementation plan, and any amendments, to the Finance Board and the Bank's Advisory Council at least 60 days prior to distributing requests for applications for AHP subsidies for the funding period in which the plan, or amendments, will be effective.

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 Pittsburgh Bank, it could not submit the amendments to the Finance Board before the Advisory Council and board of 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 24, 1998. Accordingly, given these circumstances, Finance Board staff will not recommend or take supervisory action against the Pittsburgh 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 'W. W. Ginsberg', written over the word 'Sincerely,'.

William W. Ginsberg
Managing Director

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