



October 5, 2009

Alfred M. Pollard, Esq.
General Counsel
Federal Housing Finance Agency
1700 G Street, NW
Fourth Floor
Washington, DC 20552

RE: RIN 2590-AA04, Interim Final Rule with Request for Comments on the FHLBank Affordable Housing Program Amendments

Dear Mr. Pollard:

The Mortgage Bankers Association (MBA)¹ appreciates the opportunity to comment on the the Federal Housing Finance Agency's (FHFA) interim final rule (Interim Final Rule) regarding the authority of the Federal Home Loan Banks (FHLBanks) to use Affordable Housing Program (AHP) homeownership set-aside funds to assist in the refinancing of mortgages to low- or moderate-income households.² The Interim Final Rule modifies the interim final rules issued by the FHFA on October 17, 2008 (2008 interim final rule)³ and implement Section 1218 of the Housing and Economic Recovery Act of 2008 (HERA).⁴

MBA Position

MBA is pleased that the FHFA incorporated some of the recommendations MBA submitted in response to the FHFA's request for comment regarding the 2008 interim final rule. In particular, MBA supports the expansion of the FHLBanks' AHP refinancing authority to a broader range of refinancing programs. MBA believes the expansion in the Interim Final Rule optimizes the use of AHP funds and is more clearly aligned with statutory authority.

MBA also appreciates that the Interim Final Rule eliminates the requirement in the 2008 interim final rule that lenders must be FHA-approved in order to receive AHP direct subsidies. Elimination of this requirement helps ensure that AHP assistance is based on borrower need rather than lender characteristics.

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets; to expand homeownership and extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,400 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mortgagebankers.org.

² 74 Fed. Reg. 38514-38521 (August 4, 2009).

³ 73 Fed. Reg. 61660-61665 (October 17, 2008).

⁴ Pub. L. 110-289, 122 Stat. 2654 (July 30, 2008).

The Interim Final Rule also expands the eligible uses of the AHP subsidy beyond those permitted by the 2008 interim final rule. However, MBA is disappointed that the Interim Final Rule continues to limit the use of AHP subsidies to principal write-downs and loan closing costs.

MBA is aware of many borrower relief programs that assist borrowers in resolving their monthly financial obligations without incurring the expenses associated with refinancing and principal write-downs. Other types of borrower relief include loan term extensions, second liens with delayed repayment schedules, or special forbearance accommodations. For this reason, MBA reiterates its request for FHFA to permit AHP set-aside funds to be used for subsidizing any borrower assistance program that fits within HERA's parameters.

Conclusion

MBA commends the FHFA for its efforts to channel resources of the government sponsored enterprises toward assisting borrowers who are currently experiencing serious housing finance challenges. We appreciate the FHFA's consideration of MBA's views. Please contact Michael Carrier, Associate Vice President, Secondary and Capital Markets to further engage MBA on these issues. Mr. Carrier may be reached by phone at (202) 557-2870 or by email at mcarrier@mortgagebankers.org.

Regards,

A handwritten signature in black ink that reads "John A. Courson". The signature is written in a cursive, flowing style.

John A. Courson
President and Chief Executive Officer