



**NATIONAL ASSOCIATION
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Richard F. Gaylord, CIPS, CRB, CRS, GRI
President

June 16, 2008

The Honorable Ronald A. Rosenfeld
Chairman
Federal Housing Finance Board
1625 Eye Street, NW
Washington, DC 20006

Dear Chairman Rosenfeld:

On behalf of the 1.2 million members of National Association of REALTORS® (NAR), I am writing regarding the proposed rule to amend the Affordable Housing Program (AHP) regulation to allow the Federal Home Loan Banks (FHLB) to establish AHP homeownership set aside programs for the purposes of refinancing or restructuring eligible households' non-traditional or subprime mortgage loans. NAR supports use of AHPs to provide subsidies for the restructuring of these mortgage loans as the Board did for the Federal Home Loan Bank of San Francisco in Resolution Number 2008-01.

NAR has supported amending programs to restructure subprime and Alt-A mortgages to help families keep their homes. In April 2007, for example, NAR recommended changes to the Federal Housing Administration (FHA) program that resulted in the creation of the FHASecure Initiative. In February 2008, we recommended further enhancements to the FHASecure Initiative that have since been implemented by the US Department of Housing and Urban Development (HUD).

Any loan refinancing or restructuring program should, as a general rule, be limited to loans originated or held by the bank member or its affiliates. Mortgages held by a third party could be eligible for participation if the member bank or its affiliates require the third party to contribute or otherwise absorb costs of refinancing. We believe that the program should be restricted to owner-occupants and borrowers should be refinanced into affordable mortgages including consideration for ability to pay principal, interest, taxes and insurance (PITI). Priority should be granted to homeowners with loans used to acquire the property, refinance the original purchase money mortgage, or make capital improvements to the home. Borrowers who have a mortgage from a "cash out" refinancing should be eligible if sufficient funds remain. Safeguards should be put in place for those borrowers to protect the AHP and ensure the mortgage is affordable for the homeowner. For example, the portion of the mortgage to be refinanced should be put into a second mortgage or disregarded in computing the AHP subsidy.

The proposed rule requires that homeowners be not more than 30 days delinquent on loan payments prior to the adjustment in interest rate or principal and interest payments. However, in many cases, subprime borrowers are becoming delinquent for reasons other than an interest rate reset. We recommend allowance for more than one 30-day late payment similar to what is permitted in the FHASecure Initiative in Mortgagee Letter 2008-13. HUD permits up to two 30-day or one 60-day late payment in the 12 months prior to the rate reset or more than one 90-day late payment or no more than

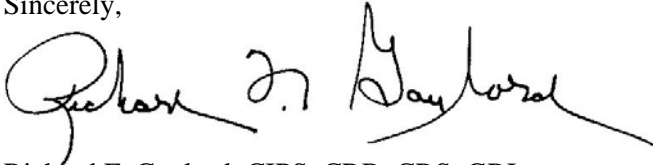


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three 30-day late payments prior to the rate reset if the new loan does not exceed 90 percent loan-to-value ratio.

NAR supports the Federal Housing Finance Board proposal to temporarily modify the AHP. The proposed rule aligns with our goal of providing sustainable homeownership and helps to prevent community and neighborhood deterioration. If you have any questions or comments regarding this letter please contact our Regulatory Policy Representative, Jerry Nagy at 202.383.1233 or jnagy@REALTORS.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard F. Gaylord". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Richard F. Gaylord, CIPS, CRB, CRS, GRI
2008 President, National Association of REALTORS®