Comment #17

From: Robert Strupp [roberts@communitylaw.org]
Sent: Friday, December 12, 2008 11:07 PM
To: Comments
Subject: Comment on RIN 2590-AA04

Robert Strupp
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December 12, 2008

Federal Housing Finance A (FHFA)
1625 Eye Street, NW
Washington, D.C. 20006

Dear Federal Housing Finance A (FHFA):

I write to comment on the Federal Housing Finance Agency (FHFA) interim final rule to require the FHFA to allow the the Federal Home Loan Banks (Banks) to use Affordable Housing Program (AHP) homeownership set-aside funds to refinance mortgages.

The FHFA proposal is very disturbing to me. The "mortgage meltdown" and subsequent economic fallout were, in part, the result of escalating home prices and a lack of housing affordability for middle and lower income Americans. The real estate lending industry, seizing on the noble cause of expanding homeownership opportunities for all Americans, seduced unsuspecting homeowners into dangerous loan products that now threaten gains in homeownership achieved by people of color. Today, the federal government is bailing out everyone but homeowners and the number of people facing foreclosure related homeloss continues to grow. The various government programs and voluntary loan modification plans offerd by the loan servicing industry have helped very few borrowers. While Americans do not have the RIGHT to purchase a home, the catalyst for a turn around in housing, and the entire economy, is the OPPORTUNITY for all Americans to be able to purchase a home. Taking funds from AHP, which would encourage affordable home buying, only to throw it into the abyss of non sustainable loan modification refinances is counterproductive. Government needs to support affordable home buying, and develop sustainable loan modifications and refinancing for deserving, capable borrowers. Without both, there will be prolonged agony in the real estate market and overall economy. I urge FHFA to support the $2 for $1 match when allowing financial institutions to use AHP funds for foreclosure mitigation. These financial institutions must commit other resources to sustaining existing homeowneship without
jeopardizing opportunities for future homeowners.

The FHFA should demand a $2 match from participating financial institutions for every $1 received from the AHP for foreclosure mitigation.

The Federal Housing Finance Board's original proposal included this requirement. The Banks should first utilize other funds already available to them and demonstrate their impact before tapping into a reliable source of homeownership already seen as a critical part of the pipeline for affordable homeownership.

The original proposal was quite controversial and drew a number of opposing comments which are not reflected in this Interim Rule.

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The FHFA has substantial flexibility to require some local buy-in before enabling a member financial institution to take resource from new, first-time low-income homeowners at a time where it is more difficult to get mortgages.

Sincerely,

Robert J. Strupp
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