

Comment #20

From: Jacqueline Cooper [cooperjl@gis.net]  
Sent: Saturday, December 13, 2008 11:35 AM  
To: Comments  
Subject: Comment on RIN 2590-AA04

Jacqueline Cooper  
38 Bailey St  
Dorchester, MA 02124-3737

December 13, 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.

AHP funds have been a very helpful tool in assisting low and moderate-income homebuyers in Boston, MA. The funds assist buyers who have participated in IDA and first time homebuyer education programs by supplementing their savings to purchase properties around Boston, a high cost real estate market. My company, Financial Education Associates, manages first time homebuyer education programs for the City of Boston as well as an IDA program for a Madison Park Development Corporation, a non-profit community development corporation in Roxbury, MA. About 1,500 Boston residents complete in these programs each year, 59% of graduates have incomes below 80% the area median income for the Metro Boston Statistical area. When I think of the AHP programs I specifically remember two buyers for which homeownership became not only affordable but also sustainable because of AHP funds. Tracey is a single mom of one who had a job with a social service agency and served in the army reserve. Tracey had the opportunity to purchase a property in an affordable condominium development. She had been saving for many years and was anxious to move from a unsuitable rental situation. With an income of \$45,000 Tracey was able to get a Soft Second Mortgage (a Massachusetts sponsored mortgage product), closing cost assistance from the City of Boston, and AHP funds. Tracey has lived in her home for the past 4 years making her mortgage payments on time. Nicole is a single mom of two who works from a non-profit community agency in Roxbury. She participated in the Madison Park Development IDA program and saved toward the purchase of a home. The opportunity came for Nicole to purchase an affordable resale property. Nicole was able to purchase the property using the Soft Second Mortgage, AHP funds, and City of Boston closing costs assistance. Although Nicole was able to keep her Section 8 voucher as backup, she not need it for her mortgage payment. It was affordable for her. Nicole and her girls are living in a safe home that they own. Nicole continues to speak with other low-income families to demonstrate that sustainable homeownership is possible with education, preparation, and support. On the reverse side there are families who need support in keeping their home. The difficulty is that there are so many different scenarios that most programs fail to distribute program funds. In my work I meet many families that no matter what type of restructuring is given, they will not be able to afford to stay in the home. This is due to the amount borrowed, the homeowner's actual income, and the condition of the property. Without a major reduction in principal and interest, these owners will not be able to afford the mortgage. This is due to high purchase prices

### Comment #20

or repeated refinancing. As a result many are facing foreclosure and the homes are abandoned. There is an opportunity for low and moderate first time buyers to purchase homes in this declining real estate market. With the support of new and existing programs that help with purchasing and rehabilitating distressed property, Boston first time buyers could also use the support of AHP funds to find a sustainable mortgage.

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.

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,

Jacqueline Cooper  
617 8257006