

From: Nelson, Mark [Mark.Nelson@newport.com]
Sent: Wednesday, June 20, 2007 12:37 PM
To: Pollard, Alfred
Subject: OFHEO CONFORMING LOAN LIMIT GUIDANCE

To: Alfred Pollard,

General Counsel, OFHEO

Dear Counselor Pollard,

In electing to delay the change in conforming loan limits, isn't this an interpretation of the direction of future home prices? Does the OFHEO propose to have the responsibility or authority to forecast future house price direction? If the OFHEO does not agree that housing prices are inflated and thereby maintains a higher conforming loan limit, then what in their opinion is the correct valuation for the nation's residential housing asset?

If this is not an interpretation of future price trends, then it must be a means to stay an inevitable correction in home-price deflation? The trends in the real estate cycle are larger than a 1-year policy action can address. I believe this action will only delay and possibly cause overcorrection in the logical return of housing prices toward their long-term historical mean.

It is a slippery slope to get caught on, and the OFHEO should remain impartial in their mission to promote housing and a strong national housing finance system.

Sincerely,

Mark Nelson