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July 19, 2007

Mr. Alfred Pollard
General Counsel
OFHEO
1700 G Street, N.W., 4th Floor
Washington, D.C. 20552

Sent via electronic mail to: ofheoguidancecomments@ofheo.gov

Dear Mr. Pollard

I am writing on behalf of the American Bankers Association (“ABA”) regarding the proposed guidance on the conforming loan limit calculations for Fannie Mae and Freddie Mac (“the Enterprises”).

These calculations establish the maximum size limit for loans that Fannie Mae and Freddie Mac may purchase, as provided in their charters. The conforming loan limit is adjusted annually through a calculation of year over year changes to the existing level of home prices based on data from the Federal Housing Finance Board. OFHEO is seeking to provide a framework for setting the limit that does not present significant operational challenges to the industry and consumers.

ABA strongly supports the proposed guidance, although we do seek one clarification, specified below. We concur with OFHEO that the guidance is needed to eliminate inconsistent application of procedures in the event of housing price declines. As the guidance points out, the Enterprises have, since 1981, sometimes adjusted their loan limits in a manner that is different from the Federal Housing Finance Board survey results and have sometimes not reflected methodology changes made by the Finance Board in their adjustments.

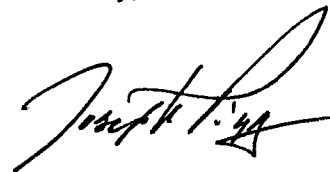
The guidance essentially adopts and formalizes the approach taken in 2006 when the Finance Board survey showed a housing price decline of 0.16 percent. In that instance, the decrease of 0.16 percent was to be deducted from any increase in the average house price in the year ended October 2007 or, if the average price decreased again, the loan limit would decrease by that amount. By formalizing this approach on a going-forward basis, the guidance provides a clear, consistent and uniform methodology for addressing potential declines in the future. ABA also believes that this approach will reduce operational challenges by appropriately deferring declines in the loan limits for either one year, or until declines reach a cumulative one percent level. We do strongly urge OFHEO to consider potential disruptions to loans in process when considering changes to the

loan limits, and to exercise great care to ensure minimal disruption to the marketplace in the event that a loan limit decrease becomes necessary.

We do seek clarification on one operational point of the guidance. The proposal indicates that loans which are originated as conforming loans would be grandfathered, i.e., treated as conforming, even if the loan limits were to decrease. We would strongly suggest that OFHEO clarify this guidance so that loans that were conforming either when originated or sold to one of the Enterprises are grandfathered and thus remain conforming even in the event of a price decline. To elaborate: if a lender makes a non-conforming jumbo loan and holds that loan on their books for a number of years, during which time the loan limits increase, and then sells that loan to one of the Enterprises as a conforming loan, it should remain conforming even if the limits decrease. In this instance the loan was not originated as conforming, but was conforming when sold. It should remain conforming, so as not to create unnecessary operations and compliance burdens for the Enterprises or their lender customers. We urge OFHEO to make this minor but important adjustment to the guidance.

Thank you for the opportunity to comment on this proposed guidance. Please feel free to contact the undersigned at 202-663-5480 or JPigg@aba.com if you wish to discuss these comments further.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph Pigg". The signature is fluid and cursive, with a large, sweeping initial "J" and a long, horizontal tail stroke.

Joseph Pigg
Senior Counsel