

Alfred Pollard, General Counsel
Office of Federal Housing Enterprise Oversight
1700 G Street N.W. 4th Floor
Washington, D.C. 20553

Dear Mr. Alfred Pollard:

On behalf of American Home Bank, N.A. (“Bank”), below you will find an outline providing commentary on the proposed “Guidance on Conforming Loan Limit Calculations” published recently.

First, the Bank supports the establishment of uniform calculation standards and is in full agreement with the establishment of a one percent cumulative threshold.

Second, the Bank supports the establishment of a “grandfathering” clause however seeks further clarification and delineation of the following:

- The proposal specifically states, “All loans that were within the conforming loan limit at the time of origination will continue to be deemed within the conforming loan limit during the remaining lives of such loans, regardless of whether the loan limit for any subsequent year declines to a level below the limit at the time of origination.” Upon review of Freddie Mac & Fannie Mae glossary of terms, “origination” date is defined as the date of the note. The Bank recommends that the term “origination date” as used in the proposed guidance be interpreted as expressly defined by Federal Home Loan Mortgage Corp (“FHLMC”) or Federal National Mortgage Association (“FNMA”). The practice and interpretation historically by FHLMC and FNMA has been as of the date of purchase of the loan by the agencies. The Bank recommends that it is in the public interest to specifically define the “origination date” as the date of the note to avoid uncertainty and confusion in the market as it relates to “grandfathering” the conforming loan limits.
- Construction to permanent loans raise questions as to when the loan was “originated”, where there is a construction loan close date and the loan modification (i.e., when the home construction is completed and the loan begins amortizing). The Bank believes that definitive guidance to define “origination date” as the date of the original note and not the modification to permanent loan date would be in the public interest to prevent confusion and uncertainty. This definition ensures that a consumer who undertook a construction to permanent loan in one year and where the property is completed in the following year is not disadvantaged if the conforming loan limit declines in the year of completion and subsequent sale to FHLMC and FNMA. It would also be in the public interest to define that the date of origination determines the conforming loan limit, notwithstanding the date of sale to FHLMC and FNMA in the event the sale occurred more than one year from origination date, again to reduce confusion and

uncertainty. For example, a construction to perm loan closing December 31, 2006 and taking twelve months and a day to complete would not be sold to FHLMC or FNMA until January 2008, two conforming limit change years later.

Third, the Bank supports the utilization of the Federal Housing Finance Board mortgage interest rates survey as the basis to calculate the conforming loan limit for the following calendar year.

Your consideration regarding the matters is appreciated.

Respectfully,

Frances A. Bedekovic
Chief Credit Policy Officer