April 18, 2006

NESDEC would like to comment on the proposed ruling change to the Federal Housing Finance Board Affordable housing Program. The change to allow funds to be used for creating or expanding a Revolving loan fund for housing would be a benefit to the program. This would allow low-income individuals additional assistance in obtaining homeownership. We would suggest that the interest rate be allowed to be set by the agencies – we didn't see any reference to this in the current proposed rulings. Also, in regards to long-term monitoring of this RLF, we would propose that funds are considered spent when loaned and when they revolve back they are used for a similar purpose but loose the federal identity. This would save undue long-term hardship to the agency and the Affordable Housing Program to continuously monitor these funds as they revolve thru numerous loans with an agency. Loans may be made for a 15 year term and slowly revolve back in over time and then go back out in additional loans, but the monitoring of this may require more costs than benefits in this type of program.

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