

April 27, 2006

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To Whom It May Concern:

Subject: Federal Housing Finance Board
Affordable Housing Program Amendments
RIN Number 3069-AB26
Docket Number 2005-23

Frontier Housing is a community-based organization that provides affordable housing solutions to build better communities in northeastern Appalachia Kentucky. Since 1974 Frontier has assisted over 900 families in homeownership. We are a Cincinnati Federal Home Loan Bank project sponsor and together we have enabled many Kentuckians to achieve the American Dream. We appreciate the opportunity to comment on the proposed Affordable Housing Program (AHP) amendments.

Frontier supports the use of AHP subsidy for loan pools and revolving loan funds. Frontier has administered a loan fund for more than 20 years. Our loan fund has enabled us to serve families with incomes averaging \$12,500 in an area of the country with systemic poverty and tremendous housing challenges. The AHP loan pool is a very effective mechanism to lend to AHP eligible families with payment revolving back to the nonprofit to serve additional AHP eligible families. The spin-off production is phenomenal. These funds can be leveraged with programs such as Rural Development, state housing finance agency funds, and private donations/foundations. Additionally, it enables nonprofits to service the loans and build capacity in their respective communities. Frontier's long-term success includes a delinquency rate below 3% and a default rate of less than 1%. Frontier has had 2 foreclosures in 20 years. We commend the Federal Housing Finance Board for this amendment. We believe however, that the banks might not utilize this program due to the perception of long-term monitoring of the revolved payments. We believe the banks should have local flexibility. Long-term monitoring should not be onerous so that banks will be encouraged to utilize this method which brings so much value to low-income borrowers.

Frontier has been counseling families since 1992 and believes that homebuyer education is critical for the long-term success of the buyer and the AHP program. We encourage the bank to require homebuyer education for all its programs. The quality of education programs varies; therefore, we encourage the Bank to adopt a minimum certification through NeighborWorks® America or HUD. Many state housing finance agencies also have counselor certifications.

Frontier supports the decision to allow manufactured housing as an eligible housing choice. However, we urge caution. Manufactured housing should be on a permanent foundation with the proper site amenities to allow the buyer to earn equity and wealth and to protect the mortgage investment. In our region manufactured housing is part of our

local landscape and the quality varies. Because quality has been so poor in our area, we started offering manufactured housing “done right” as a choice for our buyers. Our entry into manufactured housing is to help buyers obtain a quality home with fair financing. It does not replace our regular stick-building construction program.

As a long-term sponsor of the AHP program, we know that the Cincinnati Bank needs local flexibility in processing program amendments. Projects do change, because we are working with people and communities that are dynamic. The bank has been so gracious to work with us, even though we are learning that their reporting and regulatory requirements are tedious for program amendments. We encourage local flexibility to streamline the process.

We appreciate the opportunity to comment on this very important program.

Sincerely,

Stacey Epperson
Executive Director
Frontier Housing, Inc.