

April 27, 2006

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

Thank you for the opportunity to respond to the proposed rule on the Affordable Housing Program (AHP) Amendments. I am the Executive Director of People's Self-Help Housing, Inc., a nonprofit housing corporation in northeastern Kentucky that has been providing affordable housing opportunities for low and very low income families since 1982. People's Self-Help Housing, Inc. has received funding as a sponsor for a variety of AHP Direct Subsidy programs over the past ten years to enable approximately forty very low income families in our rural Apalachian county to become homeowners.

On behalf of People's Self-Help Housing, Inc. our comments are as follows:

1. We support adding manufactured housing to the types of owner-occupied housing however we believe it is imperative to clearly define the term "manufactured housing" to avoid confusion. A suggested definition is "A manufactured home is a single family residential dwelling constructed after June 16, 1976 in accordance with the National Manufactured Home Construction and Safety Standards Act of 1974 as amended (HUD Code)." (Updated as of October 1994) Part 3280: Manufactured Home Construction and Safety Standards.
2. We strongly support the ability to allow sponsors to revolve the AHP subsidies. We have operated our own revolving loan fund since 1990 and we appreciate the flexibility and stability that having a revolving loan fund provides for our organization. We support the project sponsor qualifications listed on page 76954 of the CFR and would suggest adding a requirement that the sponsor have a minimum of two year's experience successfully operating a revolving loan fund to qualify for revolving AHP direct subsidies.
3. Having provided homebuyer education for more than a decade, we have first-hand experience of the positive effect of this counseling on the long term retention of homeownership, especially for low and very low income homebuyers. Therefore we suggest continuing the requirement of mandatory homebuyer education for AHP applicants.
4. The proposed rule makes only minor changes in AHP scoring. We believe the scoring would be much more effective if each Bank were allowed greater flexibility in tailoring the scoring to fit the needs in their jurisdiction.
5. The proposed rule provides no greater flexibility in making project modifications. Modifications could be much more responsive, timely and fair if greater flexibility were given to each Bank to deal with making modifications for their Affordable Housing Programs.
6. Finally, section 951.9(7)(iv) near the very end of the proposed rule succinctly states "The obligation to repay AHP subsidy to the Bank shall terminate with foreclosure." People's Self-Help Housing constructed a new home for a qualified very-low income homebuyer last year, financed with a below market rate loan from a member bank followed by an AHP direct subsidy that was to be forgivable at 20% per year for five years. After the homebuyer moved into his new home, problems developed between him and his next door neighbor. The problem grew to the point whereby the new homebuyer abandoned his new home and moved back in with his parents. Since the homebuyer left no forwarding address and quit making his payments, the member bank foreclosed. When the house sold at the foreclosure sale the member bank was paid off and all

other fees were paid leaving a balance of \$7,585 from the sale. Since the Bank terminates the obligation to repay the AHP subsidy with foreclosure the balance from the sale was paid to the homeowner who abandoned the home after three months! Obviously such a windfall is terribly unjust! I strongly suggest expanding the above deed restriction to include the statement that any remaining balance from the foreclosure sale will revert to the project sponsor (or member bank) and used to assist another AHP eligible family.

Again, thank you for the opportunity to comment on the proposed rule.

Dave Kreher  
Executive Director  
People's Self-Help Housing, Inc.  
Rt. 3 Box 34  
Vanceburg, KY 41179