January 16, 2002

The Honorable Armando Falcon, Jr.
Director
OFHEO
1700 G Street, N.W.
4th Floor
Washington, D.C. 20552

Dear Mr. Falcon;

I am extremely concerned over the recently proposed revised risk-based capital rules and the negative affect they will have on low to moderate income housing in the State of Wyoming.

The WCDA is the only entity in the State of Wyoming serving low to moderate income homebuyers and Fannie Mae is an important partner in our program. Our Bonds are rated AA by both Moody's and Standard and Poors. WCDA purchases 1500 to 2000 loans per year through the sale of Single Family Mortgage Revenue Bonds and in many cases Fannie Mae is the only purchaser of our long-term bonds.

The proposed 8.75% risk-based capital is outrageous and would effectively remove Fannie Mae as a buyer due to the severity of this requirements.

WCDA has over $750,000,000 in mortgage loans receivable, 7% in bond, mortgage and other reserves all invested in government or government agency securities.

WCDA maintains a loan loss reserve of 3.5% of all loans receivable. Over 83% of our loans receivable are insured by a governmental entity, i.e. FHA, VA, Rural Development, and the other 17% are insured by Private Mortgage Insurance. Mr. Falcon, where is the risk here?

I would like to refer you to Moody's analysis of State Housing Finance Agencies (attached) and also the need to differentiate between State and local housing agencies. To the best of my knowledge there has never been a default on a AA rated Single Family Mortgage Revenue Bond in this country.

We thus would request that you remove the risk based capital requirement for AA rated bonds or better so as not to discourage Fannie Mae from fulfilling the very worthy and much needed public purpose of homeownership for low to moderate income families.

Sincerely,

George D. Axlund
Executive Director

GDA/kw
Attach.