

**The Enterprise Foundation  
Local Initiatives Support Corporation  
National Housing Conference  
Neighborhood Reinvestment Corporation**

January 16, 2002

Alfred Pollard  
General Counsel  
Office of Federal Housing Enterprise Oversight  
1700 G Street, N.W.  
Washington, D.C. 20552

Dear Mr. Pollard:

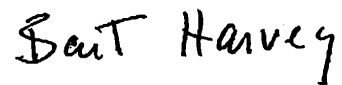
The Enterprise Foundation, Local Initiatives Support Corporation, National Housing Conference and Neighborhood Reinvestment Corporation appreciate the opportunity to comment on proposed changes to the risk-based capital rule for Fannie Mae and Freddie Mac. As you know, our organizations are deeply involved in housing and community development issues, and having been working for at least two decades to encourage the flow of private capital for these purposes. We believe that the risk-based capital guidelines could significantly affect these capital flows by making it easier or harder for Fannie Mae and Freddie Mac to provide liquidity to primary lenders. Balancing safety and soundness considerations with the nation's acute need to finance affordable housing is critically important.

We believe that the proposed changes represent a significant step in the right direction with respect to multifamily housing. In particular, the combination of changes to counter-party haircuts along with those to the treatment of multifamily loans should better align risks with capital requirements and mitigate the negative consequences we believe the previous policy would have provoked. Even with these changes, however, we are concerned it may be difficult for counter-parties other than the very limited number of AAA firms to participate fully with

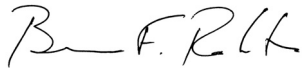
Fannie Mae and Freddie Mac and, more generally, loss expectations seem very high based on affordable housing. At a minimum, we urge you to maintain the proposal's improvements as you finalize the rule.

Thank you for considering our views.

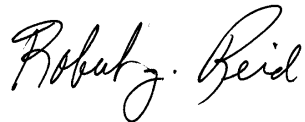
Sincerely,



F. Barton Harvey III  
Chairman of the Board  
and Chief Executive Officer  
The Enterprise Foundation



Benson "Buzz" Roberts  
Vice President for Policy  
Local Initiatives Support Corporation



Robert J. Reid  
Executive Director  
National Housing Conference



Charles Tansey  
Senior Policy Advisor  
Neighborhood Reinvestment Corporation