



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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December 15, 2008

The Honorable Ronald A. Rosenfeld
Chairman
Federal Housing Finance Board
1625 Eye Street, NW
Washington, DC 20006

Dear Chairman Rosenfeld:

I am writing on behalf of the 1.2 million members of the National Association of REALTORS® (NAR) to provide comments on the interim final rule proposing refinance amendments to the Affordable Housing Program (AHP) for the Federal Home Loan Banks. NAR supports the Federal Housing Finance Board (FHFB) proposal to temporarily modify the AHP. NAR previously supported the use of AHPs to provide subsidies for the restructuring of these mortgage loans as the Board did for the Federal Home Loan Bank of San Francisco in Resolution Number 2008-01. The National Association of REALTORS® is America's largest trade association, including NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,400 local associations or boards, and 54 state and territory associations of REALTORS®.

This interim final rule implements section 1218 of the Housing and Economic Recovery Act (HERA). HERA required the Federal Housing Finance Administration (FHFA) to allow the Federal Home Loan Banks (FHLB) to establish AHP homeownership set aside programs that provide subsidies refinancing or restructuring eligible households' mortgage loans under the Hope for Homeowners Program. Use of AHP subsidies in conjunction with the Hope for Homeowners Program will provide additional leverage and enhance the effectiveness of each program, which will ultimately allow more to families keep their homes with safe, affordable mortgages.

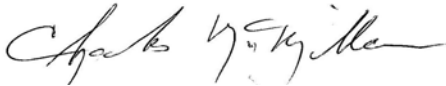
NAR has supported amending programs to restructure subprime and Alt-A mortgages to help families keep their homes. In April 2007, for example, NAR recommended changes to the Federal Housing Administration (FHA) program that resulted in the creation of the FHASecure Initiative. In February 2008, we recommended further enhancements to the FHASecure Initiative that have since been implemented by the US Department of Housing and Urban Development (HUD).

Any loan refinancing or restructuring program should, as a general rule, be limited to loans originated or held by the bank member or its affiliates. Mortgages held by a third party could be eligible for participation if the member bank or its affiliates require the third party to contribute or otherwise absorb costs of refinancing. We believe that the program should be restricted to owner-occupants and borrowers should be refinanced into affordable mortgages including consideration for ability to pay principal,

interest, taxes and insurance (PITI). Priority should be granted to homeowners with loans used to acquire the property, refinance the original purchase money mortgage, or make capital improvements to the home. Borrowers who have a mortgage from a “cash out” refinancing should be eligible if sufficient funds remain. Safeguards should be put in place for those borrowers to protect the AHP and ensure the mortgage is affordable for the homeowner. For example, the portion of the mortgage to be refinanced should be put into a second mortgage or disregarded in computing the AHP subsidy.

NAR supports the Federal Housing Finance Board proposal to temporarily modify the AHP. The proposed rule aligns with our goal of providing sustainable homeownership and helps to prevent community and neighborhood deterioration. If you have any questions or comments regarding this letter please contact our Regulatory Policy Representative, Jerry Nagy at 202.383.1233 or jnagy@REALTORS.org.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles McMillan".

Charles McMillan, CIPS, GRI
2009 President, National Association of REALTORS®