

New York State

Rural Advocates

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April 6, 2006

Federal Housing Finance Board
1625 Eye Street, NW
Washington, DC 20006

Attn: Public Comments

To the Federal Housing Finance Board:

NYS Rural Advocates is a membership organization whose members deliver affordable housing through needs and market assessment, planning, obtaining private and public sector subsidy, program design, construction of new units and rehabilitation of existing units in Rural New York. Many of our members have direct experience with the FHLB Affordable Housing Program. I serve as a consultant to this organization. I also was very recently appointed to the Affordable Housing Advisory Committee for the Federal Home Loan Bank of New York. NYS Rural Advocates are pleased to have the opportunity to comment on proposed changes on the Affordable Housing Program Amendments, 12 CFR Part 951 and look to these program changes to enhance and streamline funding for affordable housing.

Generally, the additional definitions proposed in Section 951.1 will increase the consistency of terms used by other public and private sector affordable housing programs. Since the FHLB AHP seeks leverage and subsidy blends, these changes in definitions are supported by Rural Advocates and will serve to streamline program design. Reorganization of the regulatory text to clarify program intent is encouraged and we hope that the changes in definition and separation of the rental and home ownership programs will result in a better developed, clarified application process.

Advocates support regional priorities for the Affordable Housing Program since regional needs are so variable. We would encourage priority for member banks belonging to only one District when competing with member banks with multiple districts.

Section 951.5 (c) (4), Rule change to separate project need for subsidy independent of project feasibility is important not only in special needs housing but in markets such as rural NY which may be suffering from disinvestment. Advocates support addressing both market and operational feasibility when addressing project feasibility.

951.5 (c) (14) Use of Loan Pools and RLF should allow funding pre development costs associated with rental housing as well as allowing the cost of servicing AHP loans in addition to those eligible uses cited.

Section 951.5 (c) (7), Use of AHP Subsidy for Counseling Costs are allowed only in connection with counseling of homebuyers who actually purchase an AHP unit. This does not take into account the expense of extensive counseling for a low income person who wisely decides that home ownership is not necessarily the best option for them at the time. This type of counseling prevents possible foreclosure and also should be recognized as an allowable expense.

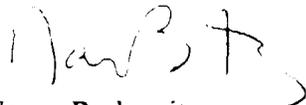
Proposed Rule 951.5 (c) (15)(ii) Authorizes the optional requirement for homebuyer or homeowner counseling as an eligibility requirement for home purchase assistance. We believe that such counseling is essential to successful long term home ownership, but we do not want to see the low-moderate income homeowner paying for this service and believe that AHP program funds should be used for this service and not individual subsidies. However, the proposal that all households receiving the AHP funds under a Bank's homeownership set aside program must complete a home owner or homebuyer program should be a local determination. Counseling requirements should be better defined on the regional level. It should not be proscribed who provides the counseling, but rather the contents of the homeowner education and its regional credibility.

We believe that non profit participation in home ownership programs is key to long term success. We support revising the regulations to require a Bank to establish incentives/preferences for member banks who provide financial assistance for program development to non profit sponsors assisting first time home buyers in connection with the homeownership set aside. Specifically, we recommend incentives for financial support of home ownership counseling activities.

Advocates question the prohibition of using Proposed section 951.5(c)(16)(i), prohibiting the use of AHP subsidy for prepayment fees. If pre payment provides greater affordability, we believe that the allowance of AHP subsidy for prepayment should be allowed.

Thank you for the opportunity to comment on the proposed rules.

Sincerely,



Nancy Berkowitz