



New York State Housing Finance Agency
State of New York Mortgage Agency



641 Lexington Avenue, New York, NY 10022
(212) 688-4000 • Fax: (212) 872-0789

JEROME M. BECKER
Chairman HFA

STEPHEN J. HUNT
President/CEO

JOSEPH STRASBURG
Chairman SONYMA

January 16, 2002

The Honorable Armando Falcon, Jr.
Director
Office of Federal Housing Enterprise Oversight
1700 G Street, N.W., 4th Floor
Washington, D.C. 20552

Via Facsimile: 202-414-3823




Dear Mr. Falcon:

I write regarding OFHEO's recently issued revised risk-based capital rules, which would require Fannie Mae to provide capital set-asides associated with the purchase of certain single family and multifamily housing revenue bonds of 3.5% for AAA bonds, and 8.75% for AA bonds. The State of New York Mortgage Agency ("SONYMA") and the New York State Housing Finance Agency ("HFA") both benefit greatly from the purchase of our bonds by Fannie Mae. Fannie Mae contributes significantly to our ability to provide affordable mortgage loans to low and moderate income home buyers, and our ability to finance affordable rental housing for low income renters.

Fannie Mae has evaluated the revised risk-based capital rules proposed by OFHEO and asserts that their (Fannie Mae's) future purchases of housing bonds would probably be curtailed if these rules are put in effect. Such an outcome would negatively affect SONYMA and HFA, and therefore we respectfully request that OFHEO give every consideration to Fannie Mae's comments.

Thank you for your attention to this critical issue.

Sincerely,


Stephen J. Hunt
President/CEO

c: Franklin D. Raines, Chairman/CEO, Fannie Mae