

January 17, 2002

Mr. Alfred Pollard  
General Counsel  
Office of Federal Housing Enterprise Oversight  
Fourth Floor  
1700 G. Street, NW  
Washington, DC 20552

Dear Mr. Pollard:

Over the last several weeks, we have noticed a number of articles in the national and local press relative to your proposed risk-based capital rules for the GSE purchase of Housing Authority Bonds. In particular, our Mortgage Revenue Bonds.

We would ask you to further review your recommendations and possibly reduce the effective penalty for the purchase of our Mortgage Revenue Bonds for the following reasons.

All of our single family and multifamily activity is for the provision for housing for low to moderate-income families. Obviously our ability to meet these needs increases with the attractiveness of our mortgage lending rates. This attractiveness is enhanced by our ability to sell these bonds at a reasonably low rate of interest. Any increased costs that Fannie Mae or Freddie Mac would incur in the purchase of these bonds will obviously be passed through to us and subsequently we will pass it on to the customer, thus hurting the very constituency that you and we are anxious to serve.

WHEDA issues approximately \$250 million of bonds annually which bond proceeds are used to fund 3,500 single family homes and 1,100 units of multifamily housing for the State of Wisconsin. Thus far we have been able to meet the most severe needs of our residents but anything that diminishes the attractiveness of our bonds will diminish our ability to meet our continuing goals.

Our bonds have been well rated by both Standard & Poors and Moodys, (AA and Aa2 for single family and AA and Aa3 for multifamily) and have proven to be very strong in the market because our portfolio is very solid with a delinquency rate of below 3.00% even in these troubled times. Therefore we believe that a reduction in the risk-based capital requirements is warranted by the quality of our portfolio, individually and collectively. The recognition of this quality would obviously continue to support our activities.

We appreciate your willingness to consider our solid performance in your final deliberations on the level of risk-based capital required of Fannie and Freddie for the purchase of our bonds.

Sincerely,

A handwritten signature in black ink, appearing to read 'Fritz Ruf', written in a cursive style.

Fritz Ruf  
Executive Director