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November 15, 2010

Securities and Exchange Commission  
U.S. Government  
100 F Street, NE  
Washington, DC 20549-1090

Re. Commission File NO. S7-24-10  
Commission File NO. S7-26-10

Dear Sir/Madam:

The National Association of Local Housing Finance Agencies (NALHFA) is a non-profit, national association of city and county government agencies that finance affordable housing in the broader community development context. Among the tools that NALHFA members utilize are tax-exempt single-family and multifamily housing bonds. In the single-family context these bonds provide mortgage assistance for first-time homebuyers, while in the multifamily context they provide below-market financing for the acquisition, construction and preservation of rental housing for lower-income households. These bonds derive their public purpose as a result of the requirements and restrictions of the Internal Revenue Code and serve to expand affordable housing opportunities for the Nation's low-and-moderate income renters and homebuyer. As such, they stand in sharp contrast to corporate bonds.

NALHFA appreciates the opportunity to provide comments on Commission File NO. S7-24-10, "Disclosure for Asset-Backed Securities Required by Section 943 of the Dodd-Frank Wall Street Reform and Consumer Protection Act," and Commission File N). S7-26-10, "Issuer Review of Assets in Offerings of Asset-Backed Securities." These proposed rules *effectively and inappropriately* treat tax-exempt single-family and multifamily bonds as asset-backed securities (ABSs). In fact, Congress held no hearings and heard no testimony on whether municipal securities should be treated as ABSs. This treatment of municipal securities is unprecedented and contrary to the principle of federalism. Tax-exempt single-and multifamily housing bonds were not part of the mortgage crisis that lead to enactment of the Dodd Frank Law and the ABS rules.

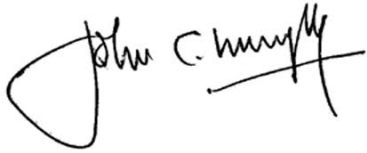
NALHFA strongly believes that the effect of classifying tax-exempt single-family and multifamily housing bonds as asset-backed securities in the same manner as corporate asset-backed bonds, and subject to the same disclosure and risk retention requirements in the proposed rules, violates the 1975 Tower Amendment to the Securities Exchange Act of 1934. That amendment expressly prohibits the Securities and Exchange Commission [and the Municipal Securities Rulemaking Board] from requiring an issuer of tax-exempt municipal bonds [including housing bonds] to make any specific disclosure filing with the SEC or MSRB **prior to the sale of these securities to investors.**

In Subtitle D of the Dodd Frank Act, Congress provided the SEC with the authority to fully or partially exempt municipal securities from the ABS risk retention and disclosure requirements. In Subtitle H, Congress also directed the General Accountability Office (GAO) to undertake a study of municipal securities disclosure, the results of which could form the basis of Congressional action in this area. Treating municipal bonds as ABSs subject to disclosure, as the proposed rule would do, prior to express Congressional direction to do so, is an overreach and inconsistent with the Tower Amendment. In addition, to do so without the benefit of the GAO study's conclusions would be inappropriate and premature.

NALHFA strongly urges the SEC to modify the proposed rules by using the authority granted by Dodd Frank to expressly provide municipal securities with a full exemption from the term asset-backed securities.

NALHFA appreciates the Commission's favorable action on this recommendation.

Sincerely,

A handwritten signature in black ink, appearing to read "John C. Murphy". The signature is stylized with a large, looped initial "J" and a long horizontal stroke at the end.

John C. Murphy  
Executive Director