

June 15, 2011

Office of Associate Chief Counsel (Financial Institutions & Products)  
Room 3547  
1111 Constitution Avenue, NW  
Washington, DC 20224

Via email: [notice.comments@irscounsel.treas.gov](mailto:notice.comments@irscounsel.treas.gov)

Re: Rev. Proc. 2011-23, CC:FIP:B5

Dear Mr. Larson:

Thank you for the opportunity to provide comments on the proposal in Rev. Proc. 2011-23 that the safe harbor for purchase price limits for mortgage revenue bonds be changed from the current and long-standing practice of using FHA loan limits to using Department of Housing and Urban Development (HUD) county median purchase prices. The Bond Dealers of America (BDA) is the only trade association focused on the U.S. fixed income markets. We represent middle-market broker-dealers in United States fixed-income securities located throughout the country.

I will be brief. Rev. Proc. 2011-23 provides no rationale for making the change. The only information are the examples of the effects on various localities. In every case noted in the Rev. Proc., the safe harbors would be substantially reduced, often by dramatic amounts. This can have no other effect than a corresponding dramatic reduction in the support that mortgage revenue bonds provide to the housing market.

I assume that you and your staff are current on the state of the housing market, how fragile it is, and how fundamental it is to the American economy. The timing of the proposal could not be worse. It would take effect in 2012, just as the New Issue Bond Purchase Program (NIBP), the Administration's most successful response to the housing crisis, will expire. The market for mortgage revenue bonds has already had to cope with the expiration of the exemption from the Alternative Minimum Tax. I cannot judge the merits of your proposal, since you have provided no rationale. However, I do know that the effect will be to dramatically reduce the support that mortgage revenue bonds provide to home prices in the United States.

Consequently, the Bond Dealers of America strongly opposes the change from using FHA loan limits to determine the safe harbors.

If you have any questions, please do not hesitate to contact me.

Sincerely,



Michael Nicholas  
CEO

cc: Hon. Timothy Geithner, Secretary of the Treasury  
Hon. Shawn Donovan, Secretary of Housing and Urban Development  
Hon. Jacob Lew, Director Office of Management and Budget  
Hon. Austan Goolsbee, Chair Council of Economic Advisors