



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

December 6, 2006

Mr. Bill Senhauser  
Senior Vice President and Chief Compliance Officer  
Office of Compliance, Ethics and Investigations  
Fannie Mae  
3900 Wisconsin Avenue  
Washington, DC 20016-2892

Dear Mr. ~~Senhauser~~ <sup>Bill</sup>:

By this letter the Department is notifying Fannie Mae that it is updating monthly utility allowances for determining affordability under the income-based housing goals in 2007 and 2008. HUD previously modified these allowances in a Notice of Utility Allowances published in the Federal Register on September 3, 2002 (67 Fed. Reg. 56472). However, for 2007 and 2008, this letter will serve as direct notice. We also intend to publish this information on HUD's website at <http://www.huduser.org/datasets/gse.html>. The new allowances for 2007 and 2008 will remain in effect until such time as HUD issues direct notice of another revision. The new allowances, which are based on utility costs from the 2005 American Housing Survey, as adjusted for inflation, will become effective on January 1, 2007.

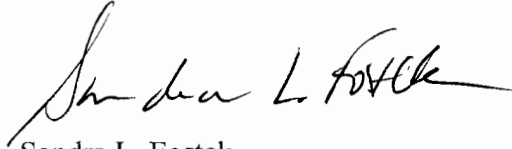
Utility allowances are required under the implementing regulations for the Federal Housing Enterprise Financial Safety and Soundness Act (FHEFSSA) to determine affordability of rental dwelling units under income-based housing goals where tenant income is unavailable, contract rent excludes the cost of utilities, and Freddie Mac does not use HUD Section 8 utility allowances. Utility allowances are not applicable to units where proxy rents are used to determine affordability because HUD's methodology for determining proxy rents is based on gross rental data.

The monthly utility allowances for 2007 and 2008 are as follows:

Type of Property	Number of Bedrooms			
	Efficiency	1	2	3 or more
Multifamily	\$74	\$79	\$112	\$152
Single Family	\$74	\$112	\$158	\$213

If you have any questions concerning these utility allowances, please give me a call at (202) 708-2224, extension 2233.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra L. Fostek". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sandra L. Fostek  
Director  
Office of Government Sponsored  
Enterprises Oversight

cc: Luke Brown, Director  
Regulatory Policy  
Fannie Mae