# Congress of the United States
## Washington, DC 20515

August 1, 2011

Edward J. DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, N.W.
Washington, D.C. 20552-0003

The Honorable Shaun Donovan
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Washington, D.C. 20410

The Honorable Timothy F. Geithner
Secretary
U.S. Department of Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

The Honorable Mary L. Shapiro
Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Dear Members of the Federal Housing Finance Agency Oversight Board:

We are writing to ask that you extend to twelve months the forbearance period for unemployed homeowners with mortgages owned or guaranteed by Fannie Mae or Freddie Mac. In addition, we ask that Fannie Mae and Freddie Mac require that the forbearance option be made available to all qualifying borrowers.

On July 7, 2011, the Obama Administration announced adjustments to the Federal Housing Administration (FHA) and Making Home Affordable (MHA) programs intended to help unemployed homeowners avoid foreclosures. Pursuant to these changes, FHA will require servicers of FHA-insured mortgages to extend from four months to twelve months the forbearance period for eligible unemployed homeowners. FHA will also require servicers to remove existing hurdles to make it easier for unemployed borrowers to qualify for forbearance. Similarly, the MHA program will require participating servicers to provide eligible borrowers with a minimum twelve-month forbearance period, rather than the current three-month period.

These efforts will greatly assist homeowners and families in need. As you know, our country is facing a foreclosure crisis that was triggered by toxic loan products and artificially inflated home prices, and is now being driven by job losses and wage reductions.[1] As you also know, the Bureau of Labor Statistics reported this month that the unemployment rate in June remained unacceptably high at 9.2 percent.[2]

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[1] *Foreclosure Flood May Not Have Crested Yet*, MSNBC (May 20, 2011); see also *Obama Administration Pushing for Banks to Modify Millions of Mortgages to Settle Foreclosure Claims*, Huffington Post (Mar. 16, 2011).

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Thus, we believe an extended forbearance option should be expanded to other agencies across the government. FHA-insured loans comprise approximately 14% of the housing market, while Fannie Mae and Freddie Mac own or guarantee approximately half of existing mortgages.[3] In order to assist the greatest number of American families at risk of losing their homes, we believe that Fannie Mae, Freddie Mac, and their conservator, the Federal Housing Finance Agency (FHFA), should put in place the same twelve-month forbearance period adopted by FHA. According to U.S. Housing and Urban Development Department Secretary Shaun Donovan, "The current unemployment forbearance programs have mandatory periods that are inadequate for the majority of unemployed borrowers."[4] The same rationale that applies to extending the forbearance period for FHA loans also applies to other loans owned or insured by the federal government. As Secretary Shaun Donovan has stated, we should "give struggling homeowners a substantially greater chance of finding employment before they lose their home."[5]

For these reasons, we urge in the strongest terms that you utilize all available options to encourage Fannie Mae and Freddie Mac to adopt the same twelve-month forbearance period adopted by FHA. Recognizing that FHFA is a quasi-independent federal agency, and that the FHFA Oversight Board has the statutory authority only to advise the FHFA Director,[6] we nevertheless believe that the Board's input on this matter carries significant weight. By expanding the forbearance period for additional homeowners and their families, we can maximize opportunities for those who have suffered job losses to save their homes while they seek employment. Thank you for your leadership on these extraordinarily important issues facing our constituents, our communities, and the U.S. economy.

Sincerely,

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[2] Bureau of Labor Statistics, Department of Labor, *News Release: The Unemployment Situation—June 2011* (July 8, 2011).

[3] *New Housing Program is Aimed at the Unemployed,* New York Times (July 7, 2011).

[4] U.S. Department of Treasury, U.S. Department of Housing and Urban Development, *Obama Administration Offers Additional Mortgage Relief to Unemployed Homeowners* (July 7, 2011).

[5] *Id.*

[6] P.L. 102-550 § 1313A as amended by P.L. 110-289 § 1103(a).

Representative Elijah E. Cummings

Representative Shelley Berkley

Representative John Conyers, Jr.

Representative Anna G. Eshoo

Representative Sam Farr

Representative Bob Filner

Representative Barney Frank

Representative John Garamendi

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Representative Janice D. Schakowsky

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Representative Louise M. Slaughter

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Representative Melvin L. Watt

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Representative Lynn C. Woolsey

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