Congress of the United States
House of Representatives
Washington, DC 20515

October 7, 2011

The President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

The housing crisis is the one of the most significant problems facing our nation's struggling economy. According to Mark Zandi, the Chief Economist of Moody's Analytics, "housing is ground zero for the economy's problems, high unemployment and lost jobs."

This week, Federal Reserve Board Chairman Ben Bernanke testified before the Joint Economic Committee that "the recovery is close to faltering," and that housing is "a big part of the recovery process," but that "here it's just not doing anything." He added that "many people are underwater," and that "their loss of equity means that they are poorer, they are less willing to spend." He testified that "addressing the housing situation is very, very important." When it was suggested that it would be "almost impossible to resolve our economic situation when people are losing their houses at the rate they are losing them," Chairman Bernanke agreed.

We commend you for including as a key component of your jobs plan a proposal to help responsible American homeowners refinance their mortgages at today's historically low rates. This proposal has bipartisan support and will provide critical relief to middle-class American families. According to Bill Gross, the managing director and co-Chief Investment Officer of the world's largest bond fund, PIMCO, removing barriers to refinancing under this type of proposal could provide an economic stimulus of up to $50 billion or $60 billion. In the month since you made your proposal, however, we have been unable to obtain basic information about how it will be implemented.

Yesterday, many of us met with Edward DeMarco, the Acting Director of the Federal Housing Finance Agency (FHFA), to discuss the implementation of your proposal. He informed Members that he did not yet have a plan ready to share. After conceding that the existing Home Affordable Refinance Program (HARP) has not worked effectively to date, he said his agency must go beyond making "tweaks" to the program and ensure that it is "fixed." He said his agency is examining options to increase the program's loan-to-value ratio limit beyond 125%, which could enable up to 600,000 additional homeowners to qualify. He also said planned actions will "address" problems with refinancing fees, home appraisals, and representations and warranties, but he provided no details.

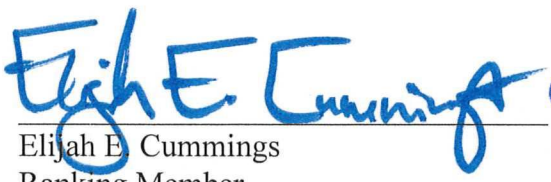
During the meeting, Members expressed their profound frustration with the agency's lack of urgency in addressing these issues. Our major concern is that even if Acting Director DeMarco implements all of the changes he referenced in the meeting, the program will reach only a few hundred thousand homeowners, while millions of families are struggling and the housing market continues to spiral downward, negatively affecting the entire economy. We asked Mr. DeMarco to return before the end of the month with a more comprehensive proposal. We believe more must be done.

For these reasons, we are writing today with two requests. First, we request a meeting with the highest ranking officials in your Administration charged with coordinating housing and foreclosure policy across multiple agencies, including White House officials, Department of Treasury Secretary Timothy Geithner, Department of Housing and Urban Development Secretary Shaun Donovan, and any other officials you deem appropriate. The purpose of this meeting is to discuss your mortgage refinancing proposal and other proposals under consideration in the Executive Branch and Congress.

Second, we ask that you nominate a new Director to lead FHFA, which oversees 70% of the nation's housing market through its conservatorship of Fannie Mae and Freddie Mac. The Agency has been operating without a permanent director since August 2009. Your previous nominee, Joseph A. Smith, was a capable and qualified candidate, but he was irresponsibly blocked by Senate Republicans. Without a Director confirmed with the advice and consent of the Senate, however, our nation's housing policy will continue to falter.

As you stated in your joint address to Congress, "the people who sent us here—the people who hired us to work for them—they don't have the luxury of waiting 14 months. Some of them are living week to week, paycheck to paycheck, even day to day. They need help, and they need it now." We wholeheartedly agree, and we believe there is no excuse for delay or inaction.

Sincerely,



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cc: The Honorable Darrell E. Issa, Chairman
Committee on Oversight and Government Reform

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