

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

September 24, 2010

Mr. Edward DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street NW, 4th Floor
Washington, DC 20552

Dear Mr. DeMarco:

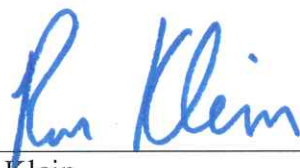
As discussed at a recent Committee hearing, Fannie Mae introduced a policy last May that reduces the amount it reimburses servicers to do "in person" notification in the event of a foreclosure and how much volume those firms are permitted. We have read your written response to me and my fellow committee members of June 29, but it does not provide any hard data to substantiate the recent Fannie Mae policy changes for "in person" notice.

We encourage Fannie Mae to do what is necessary to curtail losses. However, we would hope that does not mean cutting reimbursements which could lead to an increase of foreclosure losses. This policy harms both Fannie Mae and the homeowners. Also, instead of determining maximum volume for foreclosure firms, would a better approach include performance measurements?

There is a recent *New York Times* article that was brought to your attention recently detailing expedited or "rocket docket" foreclosure practices in Florida. "In person" notification, while not solving that problem, would help protect borrowers' rights with Fannie Mae loans. We are asking you to reexamine the Fannie Mae policy of "in person" notification reimbursements. In addition, even if Fannie Mae believes in the efficacy of this policy change, it might want to consider a pilot on a much smaller basis that will hopefully produce helpful information. We understand that Fannie Mae wants to be part of the solution to the Florida housing crisis and not exacerbate it. If you can let us know the direction of Fannie Mae as soon as possible in this matter, it would be appreciated.

Sincerely,


Barney Frank
Chairman, Committee on Financial Services


Ron Klein
Member of Congress


Suzanne M. Kosmas
Member of Congress


Alan Grayson
Member of Congress