

Congress of the United States
Washington, DC 20515

December 11, 2012

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

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
H-204, The Capitol
Washington, DC 20515

The Honorable Harry Reid
Democratic Leader
U.S. Senate
S-221, The Capitol
Washington, DC 20510

The Honorable John Boehner
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Eric Cantor
Republican Leader
U.S. House of Representatives
H-329, The Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
S-230, The Capitol
Washington, DC 20510

Dear Mr. President, Speaker Boehner, and Leaders Cantor, Pelosi, Reid, and McConnell:

We are writing to urge you to include in legislation addressing the so-called “fiscal cliff” provisions that will provide assistance to homeowners who are currently underwater on their mortgages, including provisions that will provide principal reduction modifications to borrowers with loans guaranteed by Fannie Mae and Freddie Mac.

The Board of Governors of the Federal Reserve reports that the decline in home prices following the 2008 financial crisis may have destroyed approximately \$7 trillion in household wealth in this nation. Although the housing market is slowly recovering, Federal Reserve Chairman Ben Bernanke warned in a speech last month that “the housing revival still faces significant obstacles,” and “[t]he degree to which that challenge is met will help determine the strength and sustainability of the economic recovery.”

Among the most serious challenges confronting the housing market and our nation is the number of borrowers who still owe more on their mortgages than their homes are worth. According to a report released in September by CoreLogic, 10.8 million homes in the United States—22.3% of all mortgaged residential properties—were still underwater at the end of the second quarter of this year.

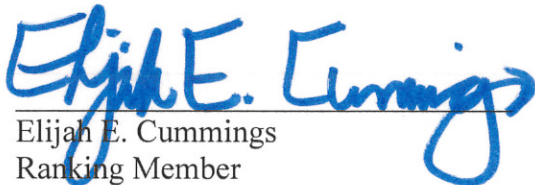
In July, the Federal Housing Finance Agency (FHFA), the conservator and regulator of Fannie Mae and Freddie Mac, released a study showing that offering principal reduction modifications under the Making Home Affordable-Principal Reduction Alternative program to borrowers with loans backed by Fannie Mae and Freddie Mac could help as many as half a million homeowners and save Fannie Mae and Freddie Mac as much as \$3.6 billion. Such a program was estimated by FHFA to be likely to yield a net savings of up to \$1 billion to U.S. taxpayers.

According to Treasury Secretary Timothy Geithner, such a principal reduction program “would provide much needed help to a significant number of troubled homeowners, help repair the nation’s housing market, and result in a net benefit to taxpayers.”

Given the clear benefits of providing assistance to underwater borrowers, as well as the significant savings for the American taxpayers, we believe that provisions expanding such assistance should be part of any deal to resolve the fiscal cliff. At a minimum, such legislation should require that Fannie Mae and Freddie Mac offer principal reduction loan modifications to borrowers who are net present value positive.

Thank you for your consideration of this request.

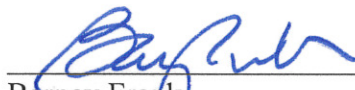
Sincerely,



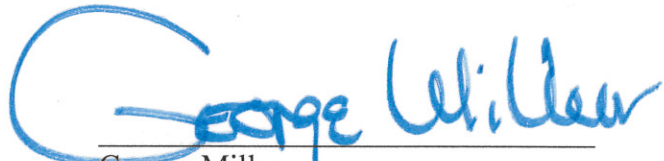
Elijah E. Cummings
Ranking Member
House Committee on Oversight and
Government Reform



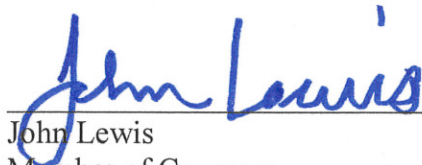
Edolphus Towns
Member of Congress



Barney Frank
Member of Congress



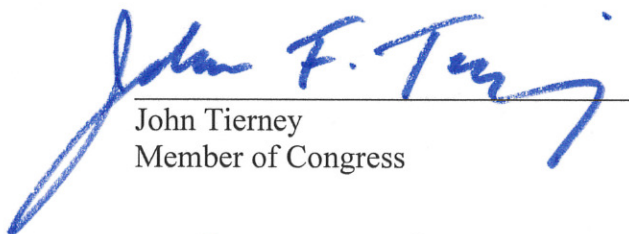
George Miller
Member of Congress



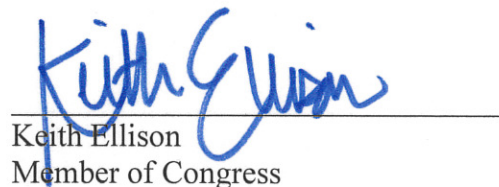
John Lewis
Member of Congress



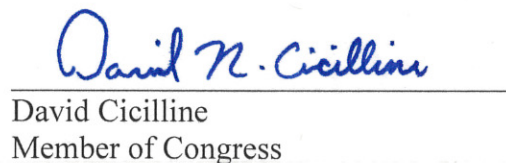
Brad Miller
Member of Congress



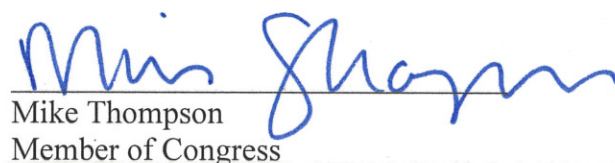
John Tierney
Member of Congress



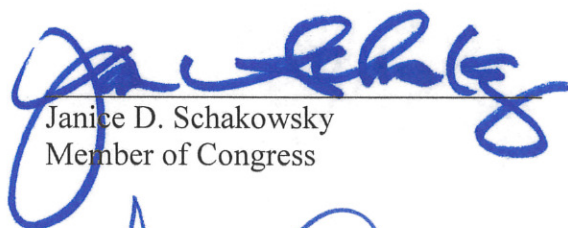
Keith Ellison
Member of Congress



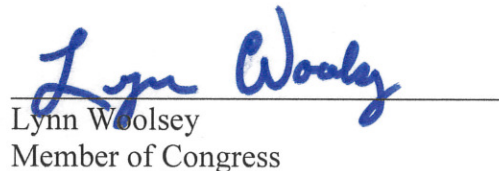
David Cicilline
Member of Congress



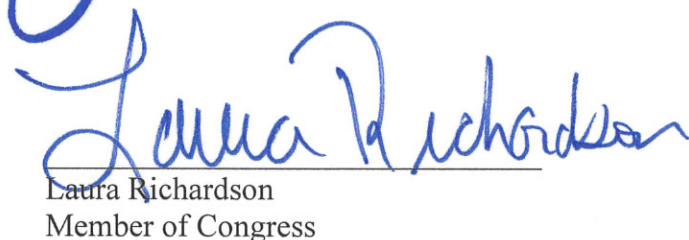
Mike Thompson
Member of Congress



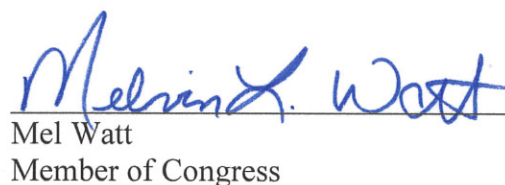
Janice D. Schakowsky
Member of Congress



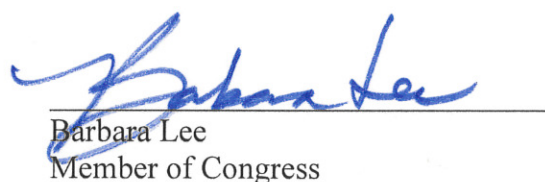
Lynn Woolsey
Member of Congress



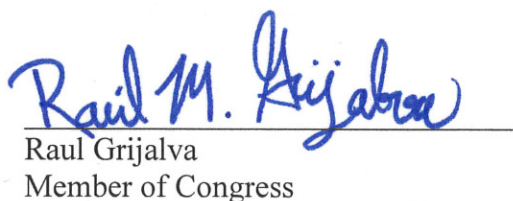
Laura Richardson
Member of Congress



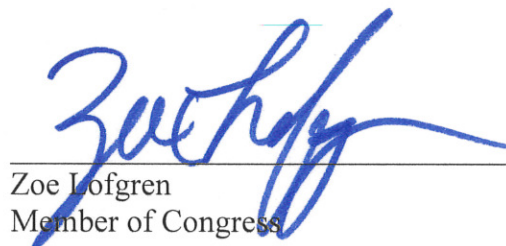
Mel Watt
Member of Congress



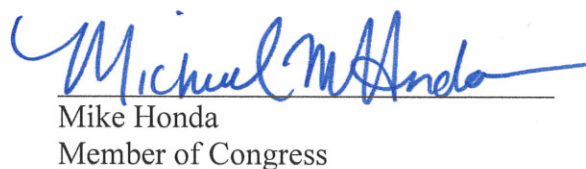
Barbara Lee
Member of Congress



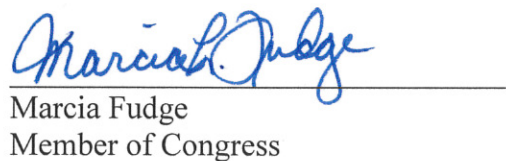
Raul Grijalva
Member of Congress



Zoe Lofgren
Member of Congress



Mike Honda
Member of Congress



Marcia Fudge
Member of Congress