

Congress of the United States
Washington, DC 20515

August 1, 2011

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

Dear Mr. President:

We are writing to commend your Administration's recent efforts to extend to twelve months the forbearance period for unemployed homeowners with mortgages insured by the Federal Housing Administration (FHA) or serviced by mortgage servicers participating in the Making Home Affordable (MHA) program. We are also writing to ask that you take all appropriate steps to expand this twelve-month forbearance period to additional homeowners with mortgages owned or insured by other agencies and entities across the federal government.

On July 7, 2011, your Administration announced adjustments to the FHA and 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

Thus, we believe an extended forbearance option should be expanded to all federal agencies that own or insure housing loans. FHA-insured loans comprise approximately 14% of the housing market, while Fannie Mae and Freddie Mac own or guarantee approximately half of

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).

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

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existing mortgages.³ In addition, the Department of Veterans Affairs (VA) also owns or insures a small percentage of mortgages across the country.

In order to assist the greatest number of American families at risk of losing their homes—including post-9/11 veterans whose unemployment rates are higher than those of the general population⁴—we believe that Fannie Mae, Freddie Mac, and the VA 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.”⁵ 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.”⁶

For these reasons, we urge you to utilize all available options to encourage Fannie Mae, Freddie Mac, and their conservator, the Federal Housing Finance Agency (FHFA), to adopt the same twelve-month forbearance period adopted by FHA. Recognizing that FHFA is a quasi-independent federal agency, we nevertheless believe that your input on this matter carries significant weight across the entire Executive Branch. Similarly, to the extent that you are able, we urge you to direct the VA to pursue a twelve-month forbearance period as well. We have also written separate letters to the FHFA Oversight Board and the VA urging them to implement these changes.

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 again for your leadership on these extraordinarily important issues facing our constituents, our communities, and the U.S. economy.

Sincerely,

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

⁴ *Meeting the Needs of Veterans in Today's Labor Force*, U.S. Congress Joint Economic Committee (May 31, 2011) (online at http://jec.senate.gov/public/index.cfm?a=Files.Serve&File_id=c1d47e4b-128b-41a4-afe1-2f3ac509ecbc&SK=D6745FB5F69B4F41540BB9A2D1A33DF9).

⁵ 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).

⁶ See New York Times, *supra* n. 3.



Representative Elijah E. Cummings



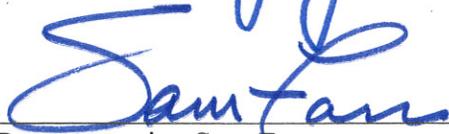
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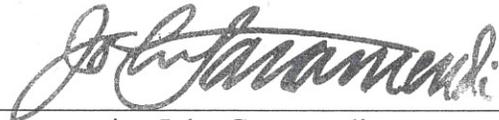
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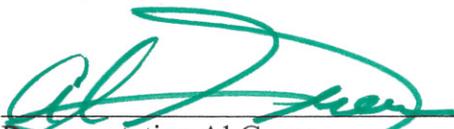
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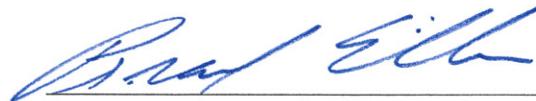
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