

Call on President to Nominate New Housing Director

WASHINGTON, D.C. (Oct. 6, 2011) -- Today, Ranking Member Elijah E. Cummings, Housing Stabilization Task Force Co-Chair Congressman Dennis Cardoza, and 15 other Members of Congress met with Edward DeMarco, the Acting Director of the Federal Housing Finance Agency (FHFA) to discuss the implementation of President Obama's mortgage refinance proposal.

Acting Director DeMarco 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 current loan-to-value ratio limit of 125%, which could enable up to 600,000 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. They highlighted that the housing crisis is the one of the most significant problems facing our nation's struggling economy. According to Mark Zandi, the head of Moody's Analytics, "housing is ground zero for the economy's problems, high unemployment and lost jobs." In addition, Federal Reserve Board Chairman Ben Bernanke testified this week 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 under water," and "their loss of equity means that they are poorer, they are less willing to spend.

"Our concern with Mr. DeMarco is that even if he does everything he said here today, it would affect only a few hundred thousand homeowners in need," said Cummings. "We asked him to go back to the drawing board and come back with a much more comprehensive proposal."

In addition, Members indicated that they plan to write to the President seeking a meeting with top White House officials, Treasury Secretary Geithner, and Housing and Urban Development Secretary Donovan. The Members commended the President for the refinancing proposal he made in a speech to Congress on September 8, 2011, but they expressed concern that in the month since the speech, they have been unable to obtain basic information about how it will be implemented.

“Mr. DeMarco still refuses to assert his authority and ease the restrictions that are preventing middle class homeowners from benefiting from refinancing at today’s historically low interest rates,” said Cardoza. “Millions of people across the country are suffering, and we still don’t have a sufficient plan from the FHFA to stem this crisis. Someone in this Administration needs to step up and take decisive action.”

The Members also called on President Obama to 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 confirmed director since August 2009. The President’s previous nominee, Joseph A. Smith, was a capable candidate, but his nomination was irresponsibly blocked by Senate Republicans.

“The head of this agency—whether acting or confirmed by the Senate—must be willing to do two things,” Congressman Brad Miller said. “Bring the full power of Fannie Mae and Freddie Mac to bear to get control of the foreclosure crisis that is killing our economy, and continue to pursue claims against banks that misrepresented the mortgages they were selling to minimize taxpayer losses.”

Today’s meeting with DeMarco was called after a September 15 meeting with FHFA career officials led Cummings, Cardoza, and two dozen other Members to [write to](#) DeMarco expressing their “profound frustration with the apparent lack of urgency” in addressing the foreclosure crisis.