

Washington, DC (July 31, 2012)—Rep. Elijah E. Cummings, Ranking Member of the House Committee on Oversight and Government Reform, issued a statement today in response to the decision by the Federal Housing Finance Agency to forbid Fannie Mae and Freddie Mac from reducing principal on mortgages even though such modifications would prevent larger losses resulting from foreclosures.

“It is incomprehensible that Mr. DeMarco would reject the chance to save up to a billion dollars in taxpayer funds while helping nearly half a million homeowners stay in their homes,” said Cummings. “He should immediately withdraw this reckless and misguided letter and start following the law Congress passed.”

The Department of the Treasury also issued a [letter](#) today calling on FHFA Acting Director Ed DeMarco to reconsider his decision, pointing to FHFA’s own analysis, which shows that utilizing principal reductions could save Fannie Mae and Freddie Mac as much as \$3.6 billion, save U.S. taxpayers up to \$1 billion on a net basis, and help up to 497,000 homeowners.

On [February 8, 2012](#) , Cummings and Tierney sent a letter to DeMarco asserting that ideological reasons and political backlash were motivating his decision to refuse principal reduction programs after receiving the agency’s analyses that principal reduction would save taxpayers billions of dollars. The agency’s findings directly contradicted DeMarco’s previous [testimony](#) before the Oversight Committee.

On [March 23](#) , and [May 1, 2012](#) , Cummings and Tierney sent letters to DeMarco requesting further data from the analyses used to justify his position on principal reduction after receiving internal documents that showed that Fannie Mae concluded as far back as 2009 that reducing principal on mortgages in its portfolio could save taxpayers money by preventing foreclosures.

Cummings has led the effort over the past year to press DeMarco to comply with existing law requiring FHFA to maximize assistance to American homeowners—including through principal reduction—and to provide legitimate data to validate his claims that principal reduction does not serve taxpayer interests.