

Washington, DC (Dec. 11, 2012)—Today, Rep. Elijah E. Cummings, Ranking Member of the House Committee on Oversight and Government Reform, and 18 other House Members sent a [letter](#) to President Obama, House Speaker John Boehner, Democratic Leader Nancy Pelosi, Senate Majority Leader Harry Reid, and Minority Leader Mitch McConnell urging them to expand assistance to homeowners underwater on their mortgages as part of any package to resolve the fiscal cliff.

“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,” the Members wrote. “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.”

In July, the Federal Housing Finance Agency issued 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, save Fannie Mae and Freddie Mac as much as \$3.6 billion, and save U.S. taxpayers up to \$1 billion.

Today’s letter is consistent with a [proposal](#) presented to Congress by the Obama Administration on November 29, 2012, which would avert the fiscal cliff by raising \$1.6 trillion in revenues over the next ten years and investing \$50 billion in stimulus spending to continue our nation’s fragile economic recovery, including provisions specifically related to assisting struggling homeowners and addressing the nationwide foreclosure crisis.

The following Members signed the letter: Reps. David Cicilline, Mike Thompson, John Lewis, Brad Miller, Keith Ellison, Zoe Lofgren, Raul Grijalva, Mike Honda, George Miller, John Tierney, Barbara Lee, Mel Watt, Jan Schakowsky, Barney Frank, Laura Richardson, Lynn Woolsey, Marcia Fudge, and Ed Towns.

Below is the full letter:

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,

[Signatories are listed above.]