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Center for Responsible Lending  
Consumer Action  
Consumer Federation of America  
Consumers Union  
CDFI Coalition  
Lawyers' Committee for Civil Rights Under Law  
Leadership Conference on Civil Rights  
National Association for the Advancement of Colored People (NAACP)  
National Association of Consumer Advocates  
National Consumer Law Center (on behalf of their low-income clients)  
National Council of La Raza  
National Fair Housing Alliance  
Opportunity Finance Network  
U.S. Public Interest Research Group (U.S. PIRG)

June 19, 2008

The Honorable Christopher Dodd  
Chairman  
Senate Committee on Banking, Housing  
and Urban Affairs  
534 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Richard Shelby  
Ranking Member  
Senate Committee on Banking, Housing  
and Urban Affairs  
534 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Dodd and Ranking Member Shelby:

We understand that the Senate this week will be taking up consideration of the "Housing and Economic Recovery Act of 2008". We are particularly pleased that this housing measure includes the Hope for Homeowners Act and also includes provisions to improve the regulatory structure and affordable housing mission mandate of the Government Sponsored Housing Enterprises. Both measures are of considerable importance to the constituencies served by undersigned civil rights, consumer, and community reinvestment organizations. Thank you for your leadership on this legislation and for reaching agreement on the need for Senate action on the foreclosure crisis.

*HOPE for Homeowners Act –*

There is now widespread recognition that, with 2 million homeowners expected to lose their homes to foreclosure on subprime mortgage loans in 2008 and 2009, the foreclosure crisis will severely impact not only the families who lose their homes, but also their

neighbors and communities, and the state and local governments that support them. Unless something is done quickly to avert a significant proportion of these foreclosures, 40 million neighboring homeowners will lose collectively an estimated \$356 billion in home equity (up from estimates of \$200 billion several months ago). These neighboring homeowners – people who are paying their mortgages on time – will suffer significant damage from the foreclosure crisis, absent effective and prompt intervention.

The HOPE for Homeowners measure reflects the recognition that loan modifications to date have not occurred to anything like the extent necessary to address the scale of the problem. The HOPE for Homeowners act will help avoid a number of unnecessary foreclosures by providing a solution that is far preferable for lenders, servicers, homeowners, and local governments alike. It does so in a way that protects the taxpayers from undue risk, and provides homeowners with a sustainable alternative to the unsustainable loan currently in place.

*The Federal Housing Finance Regulatory Reform Act –*

There is no question but that consumers and communities across the nation have a huge stake in the outcome of GSE regulatory reform legislation. Government Sponsored Housing Enterprises – Fannie Mae and Freddie Mac – are vital to the nation’s housing finance system. These publicly chartered and privately capitalized companies make important contributions to the liquidity and stability of the mortgage market and help to expand opportunities for homeownership and affordable rental housing.

We support the bill’s establishment of a new regulatory structure to provide financial and public mission oversight over the GSEs. Conditions have changed considerably since 2003 when GSE regulatory reform was first placed on the congressional agenda. These are difficult times for the housing market and for many homeowners, particularly the hundreds of thousands currently at risk of losing their homes through foreclosures due to irresponsible lending practices and faulty mortgage products. The current mortgage crisis further underscores the need for strong and financially sound GSEs to continue to provide the steady source of capital to the mortgage market. A strong presence by them is also required to help families to save their homes and to ensure an ongoing flow of responsible home loan credit. The establishment of an independent regulator is important for ensuring ongoing public confidence in the GSEs. We also are pleased that this legislation establishes a new Housing Trust Fund and a Capital Magnet Fund to support the construction of affordable rental housing and makes improvements to the GSEs’ affordable housing goal requirements.

Finally, we believe it is important that the final version of the legislation protect the states' ability to regulate foreclosure and protect homeowners, and should make clear that nothing in the bill supports the preemption of any state laws relating to foreclosure or consumer protection.

We look forward to quick Senate action on this legislation.

Sincerely,

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