

*Jan. 11, 2012*

*Washington D.C.* – Yesterday, in a letter signed by 28 Members of Congress from California, Congressman Jerry McNerney (CA-11) called on the president to immediately appoint a permanent Director of the Federal Housing Finance Agency (FHFA). There has been no permanent director for two and a half years, undermining FHFA’s capability to address the foreclosure crisis. Meanwhile, areas like Stockton have been ravaged by foreclosures.

“Our region has been disproportionately affected by the ongoing financial crisis. Families are faced with foreclosures, even as unemployment remains high. We can’t wait to have leadership to help folks stay in their homes,” said Rep. McNerney.

The FHFA has the authority to establish rules over mortgages that are underwritten by Freddie Mac and Fannie Mae, as well as those underwritten by other federally-backed enterprises. Fannie Mae and Freddie Mac together hold 70% of the mortgages in the United States. Without a permanent director, the FHFA cannot make key decisions to help keep people in their homes.

“Keeping folks in their homes is critical to the economic health of our communities. More has to be done to give people a clear path to avoiding foreclosure,” said Rep. McNerney.

*Full text of the letter from the delegation is below.*

The President  
The White House  
Washington, DC 20500

Dear President Obama:

We urge you to act on behalf of the American people and immediately make an appointment for the Director of the Federal Housing Financial Agency (FHFA). For two and a half years, Senate Republicans have been blocking the appointment of this position, causing there to be no permanent Director. The FHFA regulates and oversees Fannie Mae and Freddie Mac, which together hold 70% of mortgages in the US. The current economic crisis began in the housing market and our economic recovery is dependent on the important work pending before the FHFA. It is time to move forward and put in place a permanent FHFA Director.

According to RealtyTrac, 224,394 U.S. properties had foreclosure filings in November, 2011. This means that 1 in every 579 housing units received a foreclosure filing nationwide. In California, 1 in every 211 housing units received a foreclosure filing. And there are fears that a new set of foreclosure waves may come in the next few months. According to RealtyTrac cofounder, James Saccacio, "November's numbers suggest a new set of incoming foreclosure waves, many of which may roll into the market as REOs or short sales sometime early next year...some bellwether states such as California, Arizona and Massachusetts actually posted year-over-year increases in foreclosure activity in November."

It is clear that we must take immediate steps to prevent more foreclosures. As part of the FHFA's ability to promote policies that will prevent foreclosures, they have the authority to establish rules over residential mortgages that Fannie Mae, Freddie Mac and other government enterprises are able to underwrite. FHFA has consistently and erroneously interpreted its mandate far too narrowly and as such has failed to take adequate action to help homeowners and has brought an end to successful, local initiatives—such as the PACE (Property Assessed Clean Energy) program. The PACE program allows property owners to finance energy efficiency measures and renewable energy projects for their homes and commercial buildings, thereby reducing their energy costs and making them better able to make mortgage payments. It has been successful in many of our districts, however, in July of 2009 FHFA issued a decision that essentially put an end to PACE programs across this country.

As the fiduciary of government-backed entities, there are steps that the FHFA can take to help prevent future foreclosures while also protecting taxpayers. Installing a permanent Director of the FHFA will allow the FHFA to move forward to make key decisions that will help keep families in their homes and improve our economy. We appreciate your recent appointment of Richard Cordray as the new Director of the United States Consumer Financial Protection Bureau over similar Republican opposition and we urge that you take the same action to put in place a permanent Director to the FHFA.

Sincerely,

