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June 24, 2008

The Honorable Christopher J. Dodd, Chairman  
Committee on Banking, Housing, and Urban Affairs  
448 Russell Building  
Washington, D.C. 20510

The Honorable Richard C. Shelby, Ranking Member  
Committee on Banking, Housing, and Urban Affairs  
110 Hart Senate Office Building  
Washington, D.C. 20510

Dear Chairman Dodd and Ranking Member Shelby,

As the Senate considers the “Housing and Economic Recovery Act of 2008” this week, we recognize that this legislation represents years of hard work to build consensus around an important and, at times, contentious set of issues impacting the housing market. Asian Real Estate Association of America (AREAA) is pleased that this proposed legislation includes important regulatory reform and affordable housing enhancements for the Government Sponsored Enterprises (GSEs), Freddie Mac and Fannie Mae. We support GSE reform that will strengthen the regulatory regime of the GSEs to ensure they are able to meet their Congressionally-chartered mandate to provide liquidity, stability and affordability to the mortgage market nationwide.

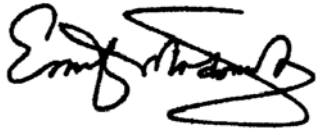
It has come to our attention that during the Senate’s debate on the “Housing and Economic Recovery Act of 2008” an amendment may be brought to the Senate floor that will have the unintended impact of hurting homebuyers and homeowners in states with foreclosure rates above the national average.

The proposed amendment to the reform bill would prevent Freddie Mac and Fannie Mae from having the discretion to charge risk-based fees on mortgages in any state in which the foreclosure rate is less than the national average. If passed this provision would roll back the original Congressional intent on creating uniform mortgage pricing in all markets and regions. This would lead to lower fees in states with low foreclosure rates and higher fees in states with high foreclosure rates. This will further erode confidence in those high foreclosure states and make it even more challenging to sell the foreclosed properties to future homebuyers who will have a difficult time qualifying for the higher priced loan.

AREAA and other industry partners have expressed our displeasure at the GSEs' previous policy that required increased pricing and increased down payments in markets where home values are declining. GSEs have responded positively to our concerns related to their "declining markets" policies. AREAA believes higher fees on mortgages in states with foreclosure rates above the national average would exacerbate foreclosures and economic deterioration in those hard hit states. At the outset, we believe minorities and immigrant communities would be disproportionately affected should this amendment become law. Even though the source for the foreclosure date that would be used to determine the national average foreclosure rate is still to be determined, we know that many states with high foreclosure rates also have high minority and immigrant populations.

We ask that the Senate reject this amendment that will hurt borrowers and prolong the real estate decline that is affecting our communities. Thank you in advance for your consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Emily Moerdomo Fu". The signature is stylized with a large, sweeping flourish at the end.

Emily Moerdomo Fu  
Chair  
AREAA