



April 17, 2007

The Honorable Barney Frank
Chairman
Committee on Financial Services
U.S. House of Representatives
2129 Rayburn HOB
Washington, DC 20515

The Honorable Spencer Bachus
Ranking Republican Member
U.S. House of Representative
B317a Rayburn HOB
Washington, DC 20515

Dear Honorable Frank and Bachus:

We commend you and your colleagues on the House Financial Services Committee for bringing to the forefront the devastating impact of residential foreclosures on communities throughout the country, particularly minority and low-to-moderate income neighborhoods.

We are particularly concerned that the alarming spike in subprime foreclosures will disproportionately impact minority and other underserved communities throughout our nation. In recent reports released by the Consumer Federation of America as well as other analysis of the HMDA report, they confirm the fact that "Sub prime loans are most prevalent in lower-income neighborhoods with high concentrations of minorities. In 2005, 53 percent of African American and 37.8% of Hispanic borrowers took out sub prime loans due in large part to limited access to sound financial counseling, availability of alternative loan products, and limited assets and income."

The undersigned organizations represent a broad network of minority real estate professionals with the keen focus on growing homeownership opportunities and protecting the important gains we have made towards increasing homeownership for everyone in this country. Individually and collectively, our organizations have made commitments to ensuring that low- and moderate-income and minority consumers have

access to low cost mortgages as well as to ensure that borrowers are put into a mortgage product that they can afford and keep. It is our collective belief that there has not been enough resource dedicated to a national initiative to keeping borrowers in their homes. When a borrower loses his or her home, that individual may face financial ruin for a number of years and will take several years before the possibility of homeownership becomes real again.

The combination of a slow down in the real estate market and the interest rate increases on some nontraditional mortgage products is beginning to hurt the ability of marginal borrowers, particularly minority and first-time homebuyers, to fulfill their mortgage obligations and maintain their homes. This is not only an issue that is isolated to a limited number of markets; it is an issue that is becoming a wide-spread issue in all corners of our nation.

While the rise in delinquencies and foreclosures are becoming a wide-spread concern for everyone, there are limited public and private resources dedicated to dealing with delinquencies and foreclosures faced by so many homebuyers. The reality is that without real resources it will be extremely difficult to help many of these borrowers facing spikes in interest rates and increases in their monthly mortgage obligations. Although there is some federal resource dedicated to providing pre-homeownership counseling support through US Department of Housing and Urban Development, other resources for post-purchase counseling, consumer awareness and foreclosure prevention efforts are nearly non-existent. The progress this country has made towards increasing homeownership for all over the past ten years will materially erode unless we take strong action.

To help curb this growing problem that will affect low- and moderate-income homeowners and neighborhoods alike, we propose the following program:

- Earmark a portion of the GSE after-tax profit that is being discussed as part of the broad GSE reform effort to fund loss mitigation efforts, post-purchase counseling and foreclosure prevention funds;
- Eligible activities include direct consumer counseling, mortgage work-out support, consumer awareness and foreclosure prevention outreach programs;
- Mortgage rescue funds should be primarily targeted at refinancing eligible borrowers into fixed-rate products that the borrower can manage;
- Eligible grantees are certified counseling nonprofits, and nonprofit entities that can help support consumer education and professional training; and
- Borrowers receiving assistance must be low- and moderate-income, residing in a low-income community or neighborhoods with significant minority concentration, or fall within the GSE statutory goals definition.

The undersigned organizations believe that this program will give qualified homeowners facing dire financial situations an opportunity to keep their homes and stabilize communities faced with growing number of foreclosures. We thank you for your leadership on this critical matter and look forward to working with you to address the foreclosure problems that are devastating our communities and borrowers.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Park". The signature is fluid and cursive, with a large loop at the end.

Jim Park
President and CEO
Asian Real Estate Association of America

A handwritten signature in black ink, appearing to read "Tim Sandos". The signature is cursive and somewhat stylized.

Timothy Sandos
President and CEO
National Association of Hispanic Real Estate Professionals

A handwritten signature in black ink, appearing to read "Clifford Turner". The signature is cursive and clearly legible.

Cliff Turner
President
National Association of Real Estate Brokers