

Congress of the United States
House of Representatives
Washington, DC 20515

November 10, 2011

Mr. Edward DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, N.W., 4th Floor
Washington, D.C. 20552

Dear Mr. DeMarco:

We are writing to follow-up on a letter that several of us sent on September 27, 2011, requesting that your agency and others comprehensively review the specific challenges faced by U.S. servicemembers who are ordered by the military to relocate, but whose home values have fallen victim to the recent housing crisis. As we stated in our letter:

We hear repeatedly from servicemembers and their families about challenges they face with Permanent Change of Station (PCS) orders. These servicemembers are typically current on their mortgages, but they are forced to move because the military requires them to do so. Like so many other Americans, servicemembers and their families are often unable to sell their homes quickly at prices that will enable them to pay off their mortgages, and they cannot generate enough rental income to cover their mortgage payments or retain their homes until housing prices return to normal values. Many of these families are also forced to make ends meet with lower housing allowances at their next duty stations, and they sometimes lose the incomes of nonmilitary spouses as they try to find new employment.¹

Specifically, we requested that you begin “pressing mortgage servicers to address the unique challenges of military homeowners.”²

In response, you sent a letter on October 11, 2011, that raises a host of new concerns with the actions of mortgage servicing companies to date. You stated:

¹ Letter from Ranking Member Elijah E. Cummings, House Committee on Oversight and Government Reform, *et al.*, to Edward DeMarco, Acting Director, Federal Housing Finance Agency, *et al.* (Sept. 27, 2011).

² *Id.*

[S]ervicers are telling service members they cannot receive any assistance unless they are delinquent on their mortgage. This position runs counter to explicit guidance from Fannie Mae and Freddie Mac and is absolutely not the case. Both Enterprises direct servicers to evaluate a service member for an eligible foreclosure alternative whether or not he or she is not delinquent on their mortgage.³

Your letter also stated:

Servicers also have apparently suggested that PCS orders do not qualify as a hardship under the Enterprises' borrower assistance programs. Again, this information is incorrect. Both Enterprises consider relocations required by distant job transfers as a hardship for the purposes of receiving a forbearance, obtaining a short sale, and being reviewed for a loan modification.⁴

These actions by mortgage servicing companies against U.S. servicemembers are very troubling. Although your letter indicated that Fannie Mae and Freddie Mac are issuing new guidance to mortgage servicing companies, it did not explain why the mortgage servicing companies disregarded existing policies or what they have done to identify servicemembers who were denied assistance they may have been eligible to receive.

For these reasons, we request that you provide any information your agency has collected, along with any information you have received from other federal agencies, relating to these allegations, including the identities of the mortgage servicing companies who engaged in these actions. In addition, we will be contacting your office in the near future to convene a meeting with officials from several agencies to address these issues more comprehensively.

As Veterans Day approaches, we must keep in mind the sacrifices that our military servicemembers make on behalf of this nation, and we must ensure that policies intended to ease the unique burdens faced by our servicemembers are fully implemented. Thank you for your consideration of this request.

³ Letter from Edward DeMarco, Acting Director, Federal Housing Finance Agency, to Ranking Member Elijah E. Cummings, House Committee on Oversight and Government Reform, *et al.* (Oct. 11, 2011).

⁴ *Id.*

Sincerely,

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