

United States Senate

WASHINGTON, DC 20510

October 11, 2011

Honorable Shaun Donovan
Secretary
United States Department of
Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

Honorable Timothy Geithner
Secretary
United States Department of
the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Mr. Gene Sperling
Director
National Economic Council
1600 Pennsylvania Avenue, NW
Washington, DC 20502

Mr. Edward DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, NW
Washington, DC 20552

Dear Secretaries Geithner and Donovan, Director Sperling, and Acting Director DeMarco:

In President Obama's speech to the Congress last month, he committed his Administration to working with federal housing agencies to help more homeowners refinance their mortgages at historically low interest rates. As he noted, this step could "put more than \$2,000 a year in a family's pocket, and give a lift to an economy still burdened by the drop in housing prices."

We are encouraged by the efforts that have taken place since then to lower the barriers that have kept responsible borrowers trapped in higher interest loans and urge a speedy and comprehensive conclusion to this process. Bipartisan legislation currently before the Senate would address many of these barriers by:

- Removing loan-to-value limits, which would provide the most at-risk borrowers an alternative to simply walking away from their mortgage.
- Eliminating loan level price adjustments. These up-front, risk-based fees make a refinance less affordable, reduce the benefit to the borrower, and cannot be justified on loans on which Fannie and Freddie already bear the risk.
- Ensuring that second lien holders do not stand in the way of a refinance.

All of these changes can be accomplished administratively and we urge that you take immediate steps to do so. We also support efforts to address other hurdles that have limited the success of current refinance programs, including representations and warranties, mortgage insurance, and high lender origination fees.

It is equally important that in reducing these barriers, the benefits of today's low rates are not lost to borrowers. With interest rates having hit an all-time low of 3.94 percent, there are nearly 19 million loans guaranteed by Fannie Mae and Freddie Mac paying interest above 5.0 percent that could benefit from a refinance. Any changes to existing programs must enable as

many of these borrowers as possible to refinance and to do so at rates comparable to those received by any other current borrower who has not suffered a drop in home value.

As was heard in recent testimony before the Senate Housing, Transportation, and Community Development Subcommittee, there is broad consensus among economists and housing experts that this is something we need to do. Interest rates, however, will not remain low forever. Time is of the essence and we urge you to act quickly and aggressively to ensure that responsible homeowners receive the full benefit of these lower rates.

Sincerely,



Barbara Boxer
United States Senator



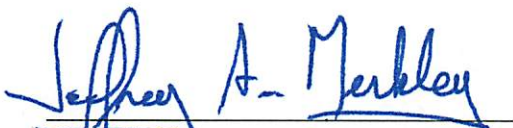
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United States Senator



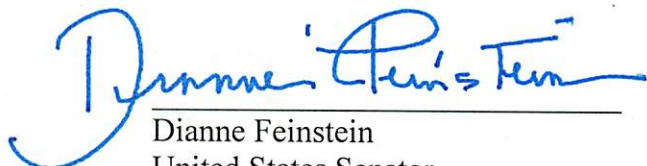
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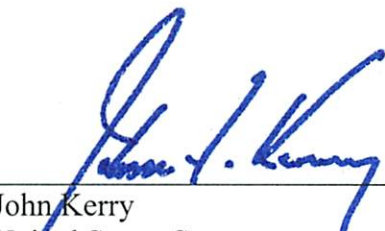
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