

Congress of the United States
Washington, DC 20515

March 25, 2016

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

We write to respectfully reiterate our earlier request that you take executive action to direct the Department of the Treasury to amend their Hardest Hit Fund (HHF) contracts with recipient states to increase program participation and facilitate improved distribution of resources.

We realize that for many, the housing crisis appears over, but many homeowners are still desperately awaiting the long-promised foreclosure mitigation assistance. In HHF states, the crisis continues. One million homeowners are currently at risk of foreclosure, and over three million homeowners hold a mortgage that exceeds the value of their home.

In October of 2015, the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) once again reviewed the progress and status of HHF programs and the results were very troubling – although not surprising. SIGTARP found that fewer than half of homeowners who applied for HHF assistance received help and that certain states had helped far fewer than half of their applicants. They also reported long waiting periods to receive assistance, and that more than half of homeowners were ultimately denied help or had their applications withdrawn.

Hands-on leadership is needed to redirect and save this program, and we respectfully ask that you issue an executive order directing the Department of the Treasury to amend their Hardest Hit Fund contracts with recipient states to implement SIGTARP recommendations, or any of the best practices that have been shared at the closed HHF summits that Treasury holds for program directors.

We believe that this action has precedent and falls within your existing authority. For example, Executive Order 13588 was issued on October 31, 2011; it effectively directed the Federal Drug Administration to require drug manufacturers to provide adequate advance notice of manufacturing discontinuances, and to expedite its efforts to mitigate existing or potential drug shortages. Additionally, the Third Circuit U.S. Court of Appeals ruled in *Contractors Association of Eastern Pennsylvania v. Secretary of Labor* that the President could exercise his or her broad authority under Sections 201 and 205(a) of the Federal Property and Administrative Services Act to impose requirements upon federally funded contractors, as well as federal contractors.

As you well remember, Congress initially rejected Treasury's TARP proposal, insisting that TARP not just rescue the banks, but also aid homeowners who, through no fault of their own, were on the verge of losing their nest egg. The HHF initiative was created under the

Emergency Economic Stabilization Act of 2008, and promised \$7.6 billion to states which rank high in unemployment and home value losses.

In 2010, eighteen states and the District of Columbia were awarded funds, but a substantial amount of dollars remain unused. The money has either not been drawn down from Treasury, or it is sitting idle in the accounts of State Housing Finance Agencies (HFAs). While this may have helped the bond rating of the HFAs, it has not helped the homeowners for whom these funds were intended. In the passing of the Consolidated Appropriations Act of 2016, Congress gave the Treasury the option to extend the HFF program and transfer additional funds to it from other soon-to-expire housing programs. This measure, attached to must-pass legislation, highlights the inherently unfair administration of HFF. The change is likely welcomed by the states that have performed well, but does nothing to help states that still struggle to fulfill this program's mission. We hope that in the recently announced fifth round of funding, consideration be given to plan addendums that stress relief for homeowners, and not just ideas that can be instituted quickly.

Mr. President, we are now five years into a program that has consistently failed to meet benchmarks agreed to by both Treasury and the corresponding state housing agencies. Resources are unused and SIGTARP's negative audits and recommendations for HFF improvement have been disregarded. Keeping programs under local control is an attractive idea, but it is painfully clear that this has not worked for the HFF program. While adding "blight removal" to the list of approved uses has not improved HFF program performance, it has highlighted necessity of prompt leadership and action. With substantial variation in program performance and eligibility criteria between the states, it is now past time for intervention and action to ensure that homeowners in every state receive fair access to these resources.

Since HFF began, over 2.5 million homeowners have lost their homes in the 19 HFF states. We must do all we can to help and serve those who are faithfully hoping and waiting for SIGTARP's clear and dire recommendations to spur immediate, and long-awaited action. The media may have forgotten about these homeowners, but we will not, and we believe in our heart of hearts that you share our sentiments.

As always, we greatly appreciate your leadership, service, and attention to this critical issue, and we appreciate your consideration of our views on this important matter.

Sincerely,



John Lewis
Member of Congress



John Conyers
Member of Congress



David Scott
Member of Congress



Marcy Kaptur
Member of Congress



Dina Titus
Member of Congress



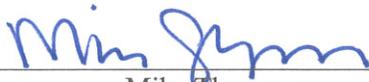
Brenda Lawrence
Member of Congress



Henry C. "Hank" Johnson Jr.
Member of Congress



Alan Grayson
Member of Congress



Mike Thompson
Member of Congress



Corrine Brown
Member of Congress



Terri Sewell
Member of Congress

Cc: The Honorable Jacob J. Lew, Secretary of the Treasury
The Honorable Christy Goldsmith Romero, Special Inspector General for the Troubled Asset Relief Program