

**Congress of the United States**  
Washington, DC 20515

June 10, 2008

The Honorable Christopher J. Dodd  
Chairman  
Senate Banking, Housing, and Urban Affairs  
534 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Richard C. Shelby  
Ranking Member  
Senate Banking, Housing, and Urban Affairs  
534 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Dodd and Ranking Member Shelby:

As you work to reconcile the differences between the House and Senate housing stimulus legislation, we request your attention to a provision that would negatively impact many potential homeowners throughout the country, particularly first-time, African American, Hispanic, Asian American, and low-income households. Downpayment assistance programs help borrowers who lack the capital required to meet the three percent downpayment requirement for an FHA loan. The provision in Section 113 of the housing package proposal, S.2636, the Housing Foreclosure Prevention Act of 2008, would eliminate downpayment assistance (DPA) gifts from non-profit seller-funded DPA providers to borrowers who would otherwise qualify for an FHA-insured loan.

DPA programs have helped more than one million credit-worthy homebuyers, mostly first-time, African American, Hispanic, and female-headed households, achieve the dream of homeownership since 1997. This was accomplished using absolutely no taxpayer funds. Moreover, DPA programs have generated over \$24 billion to the economy. Seller-funded DPA providers are the principal source of downpayment assistance for low- and moderate-income families seeking FHA loans. Almost 90 percent of loans are performing well. Research demonstrates that DPA loans perform far better than subprime loans. In addition, because of the availability of downpayment assistance, hundreds of thousands of people have become homeowners with safe, non-risky mortgages. Today, downpayment assistance programs comprise almost half of FHA volume. Elimination of DPA could reduce FHA loan volume by 30 to 50 percent.

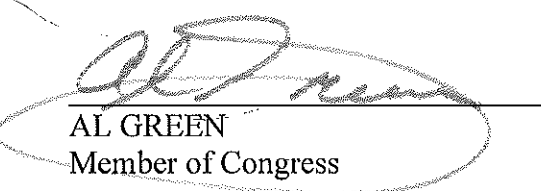
Both the House and the U.S. District Court of D.C. have taken measures to preserve DPA programs. The retention of language protecting seller-funded down payment assistance passed unanimously in the House. Furthermore, the U.S. District Court of D.C. issued an injunction barring HUD from implementing its rule to prohibit seller-funded downpayment assistance in conjunction with FHA-insured loans.

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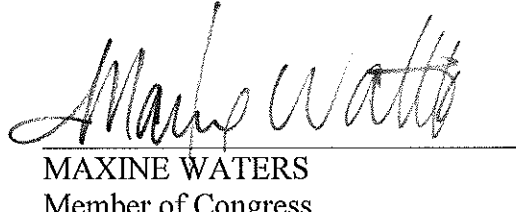
As you go to Conference on this legislation, we encourage you to strike Section 113 of the Foreclosure Prevention Act of 2008 to prevent the elimination of DPA programs. We also encourage you to work with the House to preserve the DPA program while better regulating it in the future to ensure that hundreds of thousands of families achieve homeownership, as achieved by the FHA Modernization Legislation (H.R. 1852) passed in the House.

Thank you for your consideration of our request.

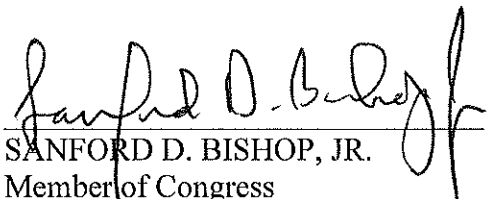
Sincerely,



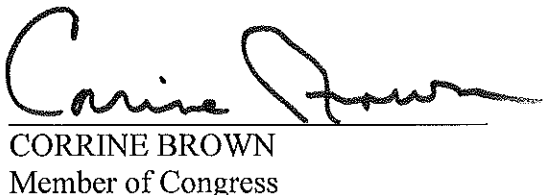
AL GREEN  
Member of Congress



MAXINE WATERS  
Member of Congress



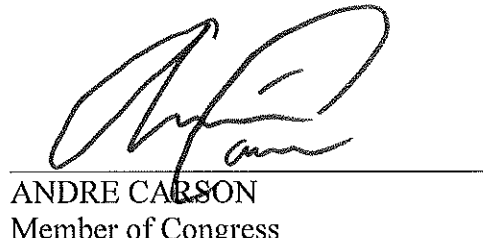
SANFORD D. BISHOP, JR.  
Member of Congress



CORRINE BROWN  
Member of Congress



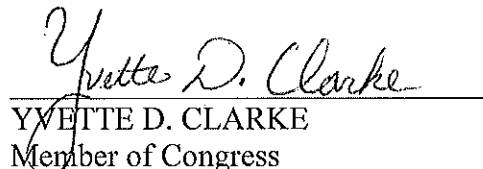
G.K. BUTTERFIELD  
Member of Congress



ANDRE CARSON  
Member of Congress



DONNA CHRISTENSEN  
Member of Congress



YVETTE D. CLARKE  
Member of Congress

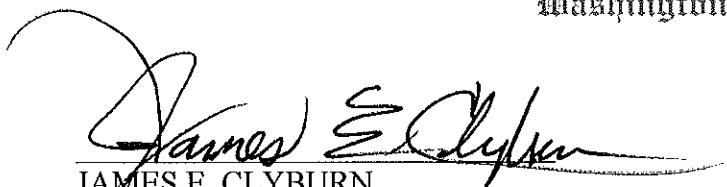


WM. LACY CLAY  
Member of Congress



EMANUEL CLEAVER  
Member of Congress

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JAMES E. CLYBURN  
Member of Congress



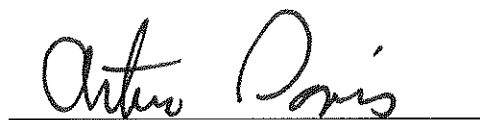
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JOHN CONYERS, JR.  
Member of Congress



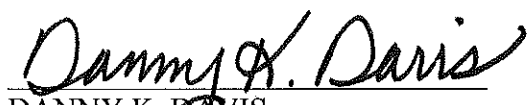
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ELIJAH E. CUMMINGS  
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ARTUR DAVIS  
Member of Congress



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DANNY K. DAVIS  
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KEITH ELLISON  
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CHAKA FATTAH  
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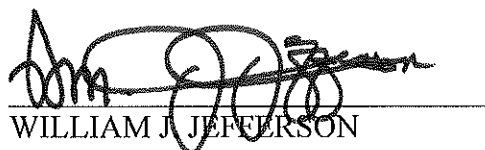
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JESSE L. JACKSON, JR.  
Member of Congress



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SHEILA JACKSON-LEE  
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WILLIAM J. JEFFERSON  
Member of Congress



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EDDIE BERNICE JOHNSON  
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STEPHANIE TUBBS JONES  
Member of Congress



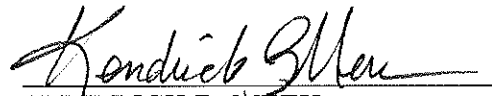
CAROLYN KILPATRICK  
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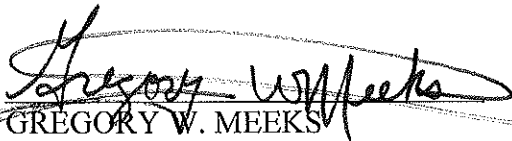
BARBARA LEE  
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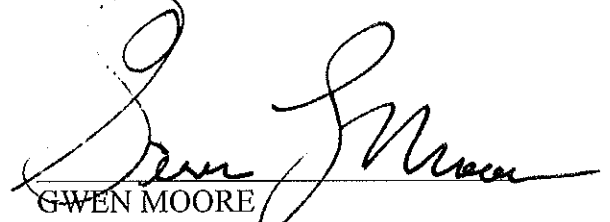
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KENDRICK B. MEEK  
Member of Congress



GREGORY W. MEEKS  
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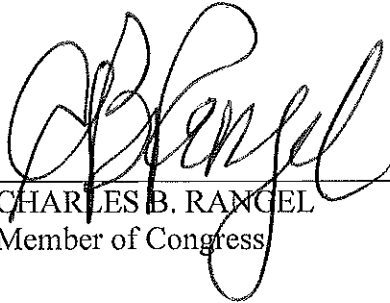
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ELEANOR HOLMES NORTON  
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DONALD M. PAYNE  
Member of Congress



CHARLES B. RANGEL  
Member of Congress



LAURA RICHARDSON  
Member of Congress

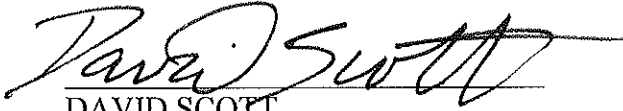
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BOBBY L. RUSH  
Member of Congress



BOBBY C. SCOTT  
Member of Congress



DAVID SCOTT  
Member of Congress



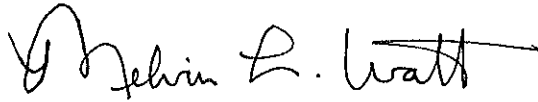
BENNIE G. THOMPSON  
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EDOLPHUS TOWNS  
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DIANE E. WATSON  
Member of Congress



MELVIN L. WATT  
Member of Congress