

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

October 3, 2008

The Honorable Barney Frank  
Chairman  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Frank:

On behalf of the Congressional Hispanic Caucus (CHC), we write to express our concern that the recent expiration of the downpayment assistance programs (DPA) will hinder the ability of our nation's minority, low-income, and working families, to become homeowners. We urge you to act as quickly as possible to ensure DPA programs are allowed to continue.

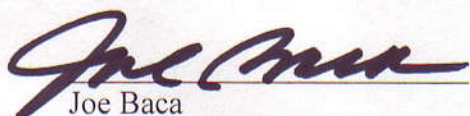
The elimination of DPA will remove 25,000 creditworthy homebuyers from the housing market per month, many of whom are Hispanic. At a time when our nation is facing a housing crisis, this will only harm the housing market even further—last quarter alone, fifteen to thirty percent of home sales for our nation's largest builders were to homebuyers who received a DPA gift. If DPA is permanently eliminated, the decline in home values will get worse and fewer new homebuyers will be able to enter into the market.

DPA programs are a crucial alternative for minority, low-income, and working families with limited access to capital. More than one million working families have been able to purchase their own homes over the past decade because of DPA. Over thirty percent of these borrowers are minorities and eighty percent are first time homebuyers. GAO has reported that ninety-four percent of these homeowners have met their mortgage responsibilities without undue difficulty. DPA programs aid borrowers who have sufficient credit to qualify for government-backed loans but have insufficient savings to meet the downpayment requirement for an FHA loan. These programs bridge the gap by providing this downpayment as a gift to the buyer, helping those who otherwise could not become homeowners. Unlike the hundred percent financing options of subprime mortgage products, which caused much of the crisis we are dealing with today, DPA programs provide homebuyers with a gift that will never be required to be repaid. This allows the gift recipient to achieve homeownership with immediate equity and a safe, fixed rate mortgage through the FHA program.

Now is not the time to eliminate a program that comprises over forty percent of the total current home buying market. Neighborhoods and local budgets are being impacted by the increased foreclosure rates and the decrease in home purchases as a result of the liquidity crunch, which is only going to get worse given the events of the past week. There are a number of people who are able to achieve homeownership right now in safe mortgages if they can just get assistance with the downpayment. This is the population served by DPA. An elimination of the DPA program will make the situation in the housing market even worse because there will be no options for credit-qualified first time homebuyers with insufficient savings to purchase a home.

We are concerned that the elimination of DPA will increase economic disparities in our country and will remove the FHA program as a safe financing option for many Hispanic families seeking homeownership. In fact, the U.S. Hispanic Chamber of Commerce is among the groups supporting the preservation of DPA because of its impact on helping Hispanics to build wealth and equity. We hope to work with you to ensure that DPA programs are reinstated.

Sincerely,



Joe Baca  
Chair  
Congressional Hispanic Caucus



Albio Sires  
Chair  
CHC Economic Development Task Force

cc: Speaker Nancy Pelosi