

CONGRESSMAN DAVIS REACTS TO THE CONGRESSIONAL BUDGET OFFICE SCORING OF THE AFFORDABLE CARE ACT

WASHINGTON, DC (AUGUST 1, 2012) - Statement of Rep. Danny K. Davis on FHFA DECISION ON PRINCIPLE REDUCTION

I am extremely dismayed with Federal Housing Finance Agency Director Edward DeMarco's decision to prohibit Fannie Mae and Freddie Mac from offering principal reduction to homebuyers. Debt forgiveness in the form of principal reduction would allow underwater homeowners to remain in their homes and keep thousands of properties from going into foreclosure.

Chicago has seen the devastating effects of foreclosures and vacant properties and is aggressively stabilizing these communities. While there are plenty of factors related to the two, principal reduction is a tool to assist those responsible homeowners and add a boost to a struggling housing market.

Mr. DeMarco's decision is counterintuitive given that his own agency found that principal reduction could benefit up to half a million homeowners and save the American taxpayer up to \$1 billion. I encourage Mr. DeMarco to revisit this policy which would undoubtedly stem the tide of additional foreclosures.