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May 25, 2011

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

Mr. Edward J. DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, NW
Washington, DC 22055

Dear Secretary Geithner and Acting Director DeMarco,

Florida's housing markets are in deep trouble and the state is among the hardest hit by the crisis. Although sales have increased modestly, prices continue to fall under the relentless pressure of new foreclosures that continue to outpace sales. Our state's judicial system is overburdened, the integrity of the foreclosure process is suspect and servicers are incapable of conducting short sales efficiently. Independent observers, including Standards & Poor's, believe that housing supply and demand in Florida may take five years or longer to return to equilibrium. Addressing this market failure requires innovation, collaboration, and urgency.

Federal home preservation efforts to help reduce the inventory of distressed properties are hampered by the fact that almost 50% of our state's mortgages are now underwater. The rise in strategic defaults and the inability of servicers to complete short sales in a reasonable period are increasing foreclosures, reducing job mobility and threatening Florida's economic recovery. We must help Florida "move" more distressed properties faster.

Market participants all agree that short sales represent the best execution and least costly approach for distressed homeowners who can't qualify for a loan modification. However, GSE servicer processes and systems are cumbersome, extremely time consuming and frustrating for homeowners, potential buyers, and real estate professionals. The value chain of small businesses that support housing are also hurt when sales don't happen. We must accelerate both short sales and REO sales or Florida markets will continue to deteriorate.

Proven private sector solutions have emerged that would accelerate short sales and benefit homeowners, communities, and investors. A statewide electronic marketplace that employs a pre-approved short sale pricing model can dramatically reduce the transaction time. Deploying a standard statewide approach will support property values, improve investor return, and enable our markets to clear more rapidly.

In order to facilitate a more robust Florida housing market, we respectfully request that the Department of the Treasury and FHFA direct the GSEs to:

- Create an electronic marketplace for distressed properties in Florida by September 1, 2011
- Aggregate distressed GSE inventory where short sales are calculated to represent the best option for investors and a dignified exit for homeowners who will not qualify for government or servicer loan modification programs
- Employ a pre-approved price model as the floor that the GSEs are willing to accept in a short sale transaction
- Ensure that Florida's licensed real estate professionals are enlisted to support buyers and sellers
- Encourage HAFA servicers to market their Florida short sales through this electronic marketplace
- Adopt a consistent and timely electronic process for valuing residential properties based on current local market condition
- Extend the electronic marketplace to auction REO inventory for all cash transactions that will allow Florida's markets to clear more rapidly

A pre-approved short sale pricing model is consistent with Treasury's HAFA program guidelines. To date what has been missing is GSE and servicer commitment to short sales and the necessary processes and technology that will help the hardest hit states, like Florida, reduce foreclosures and begin to recover.

Treasury's and FHFA's active support of a Florida distressed property marketplace initiative is essential to accelerate the pricing and sale of short sales and foreclosures, reducing the pressure on Florida's court system, supporting property values, providing an optimum return for investors, assisting underwater homeowners, and creating jobs.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert R. Byrd", written over a horizontal line.

Member of Congress