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Geoffrey Graber, Director, RMBS Working Group
United States Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Mr. Graber,

I write to express my views regarding the Department of Justice's (DOJ) ongoing negotiations and proposed settlement with Bank of America (BOA) relating to the issuance, packaging and sale of deeply flawed mortgage-backed securities.

Associate Attorney General Tony West has publically stated he believes the groundbreaking settlement the DOJ reached with JPMorgan Chase & Co. (JPMorgan) over its "packaging, marketing, sale and issuance of residential mortgage-backed securities (RMBS)" will serve as a template for other agreements with those responsible for the financial crisis, like BOA. In particular, he has affirmed the importance of the \$4 billion consumer relief component of that settlement and even declared, "I think we can expect to see as we go forward more in that regard [consumer relief]."

I agree consumer relief must be a vital part of any similar agreement because the actions JPMorgan, Citigroup, BOA and others took were not only wrong, but also led to a financial crisis, which, according to the Government Accountability Office, has cost America's homeowners \$9.1 trillion in home equity and could cost this country over \$13 trillion in economic output.

According to the DOJ's agreement with JPMorgan, eligible uses for the minimum \$4 billion in consumer relief include principal reduction and other loan modifications, originating new loans to individuals in areas hardest hit by the financial crisis, and finally, "cash costs paid for demolition of dilapidated properties...[and] funds donated to capitalize equity restoration funds or substantially similar community redevelopment activities."

The specific terms of the JPMorgan agreement incentivized the bank to meet its consumer relief obligations through loan modifications and loan originations, actions they would otherwise take, albeit on a smaller scale, and JPMorgan is responding to these incentives. I am hearing from my constituents in the Eleventh Congressional District of Ohio that nowhere near the amount of funds expected have been allotted for demolition or community redevelopment activities.

I am aware that cities and communities from across Ohio have reached out to you and brought to your attention the "Ohio Plan for Application of Bank Settlement Funds." That document details the valuable community development, demolition and foreclosure prevention bank settlement funds would enable the state to undertake.

I am pleased the consumer relief component was in the original agreement and grateful to see the DOJ's continued commitment to that feature in future settlements, but I remain concerned that unless the terms of the DOJ's future settlements with banks, beginning with the recently proposed settlement with BOA, are modified, my constituents will not receive the funds they need to restore their communities and fully rebound from the financial crisis. I suggest the DOJ consider requiring a minimum amount BOA will be required to pay out for demolition and community development purposes under the consumer relief portion of any agreed upon settlement. I also believe any agreement the DOJ may reach with BOA should address the credit imbalance which has incentivized JPMorgan to discharge its consumer relief obligations with limited funds expended on demolition of dilapidated properties and community investment.

As supportive as I am of the DOJ's consumer relief efforts, I have heard from my constituents, my cities and my communities that the JPMorgan consumer relief package is not working. Therefore I urge you to ensure that as the DOJ completes its negotiations with BOA, the resulting consumer relief package is as equitable, fair and effective as possible. I look forward to hearing how these concerns are being addressed and thank you for your attention to this important manner.

Sincerely,



Rep. Marcia L. Fudge
Member of Congress