

U.S. House of Representatives  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

June 15, 2007

The Honorable Christopher Cox  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Chairman Cox:

We have been monitoring closely the rising foreclosure rate in the country and – given the impact of foreclosures on individuals, families, communities and investors – have been exploring solutions that might enable borrowers to access good credit and stay in their homes.

One approach we have taken is to encourage mortgagors to make loan modifications and, where possible, forbear foreclosure. It appears institutions are making some progress in this regard. Because the recent subprime lending boom was driven by mortgage securitization, however, many troubled loans are held in trust for the benefit of investors. We understand that loan modifications are generally permitted by the trust agreements when used appropriately to maximize the value to bondholders. On its face, this seems like a “win-win” for borrowers and bondholders.

A number of parties have brought to our attention that FAS 140, the accounting standard that guides securitizations, may not clearly state at what point a loan may be modified – when default is reasonably foreseeable or once default or delinquency has already occurred. The lack of clarity may be leading some institutions to withhold making some loan modifications that may benefit borrowers – and bondholders – for fear of being found in violation of FAS 140. We understand that the SEC is currently looking into this issue and we respectfully request the benefit of your expertise on the following:

- ***Does FAS 140 clearly address whether a loan held in a trust can be modified when default is reasonably foreseeable or only once a delinquency or default has already occurred? If not, can it be clarified in a way that will benefit both borrowers and investors?***

Given the rising rate of mortgage foreclosures, we would appreciate your response as soon as possible. If you believe a reasonable clarification is possible and prudent, we would encourage you to take that action as quickly as possible. If you believe a

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reasonable clarification is not possible or prudent, we would appreciate knowing that as quickly as possible so we can better evaluate our other options.

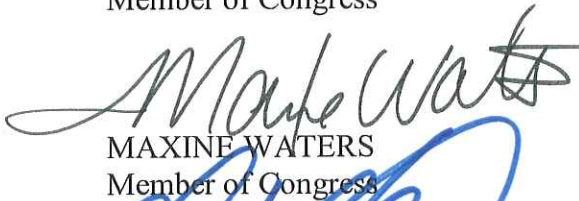
Sincerely,



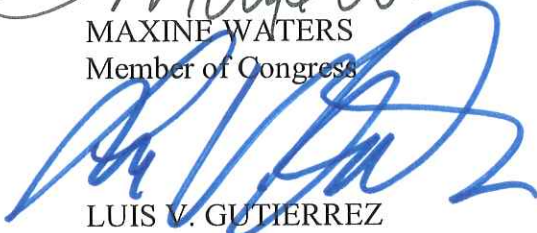
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Member of Congress



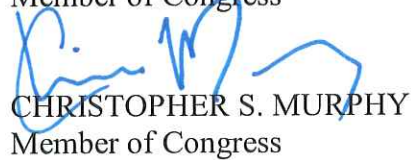
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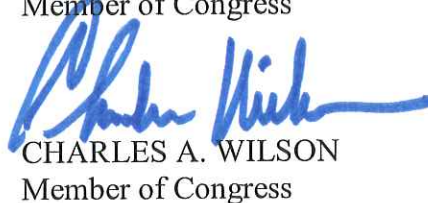
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