

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

June 17, 2008

The Honorable Nancy Pelosi  
Speaker of the House  
H-232, US Capitol  
Washington, DC 20515

Madam Speaker:

We are writing today in response to allegations that certain Members of Congress received preferential treatment in acquiring and renegotiating the terms of existing home mortgage loans with the nation's largest mortgage lender, as reported by many prominent news agencies. According to these same news reports, the preferential treatment resulted in tens of thousands of dollars in savings for some of the most powerful lawmakers in Congress. The impact of these allegations is exacerbated by the fact that Congress is currently considering a \$300 billion bill that would bailout many large mortgage lenders from some of their own bad financial decisions. Thus, we demand that the House of Representatives undertake an investigation with open hearings to determine: (1) the validity of these charges, (2) whether the described practices were widespread, (3) the extent to which this scandal might have affected public policy, and (4) what steps might be necessary to assure the public that elected officials do not receive such preferential treatment in the future.

Last week, the *Wall Street Journal*, the *Washington Post*, and other news sources reported that Senate Banking Committee Chairman Chris Dodd (CT) and Senate Budget Committee Chairman Kent Conrad (ND) both allegedly received preferential treatment on multiple mortgage loans through an elite V.I.P. program at Countrywide Financial. Press reports indicate that the program, known as "Friends of Angelo," was designed to give below-market discounts on interest rate points, waive fees, and provide other unique perks for government officials who were deemed 'friends' of Countrywide's chairman and chief executive officer, Angelo Mozilo. The *Washington Post* wrote that Mozilo openly bragged about this program and, in at least one case, instructed his subordinates to "knock [their] socks off" with discounts and favors for Friends of Angelo borrowers. Media sources report that the sweetheart deal Sen. Dodd is alleged to have received saved him upwards of \$75,000, while Sen. Conrad both allegedly saved \$10,000 on one loan and managed to get a commercial mortgage on another property unavailable to the general population and in violation of Countrywide's lending rules "due to the fact that the borrower is a senator." Particularly disconcerting are reports that Sen. Conrad got into the Friends of Angelo program after he had placed a direct phone call to Mozilo.

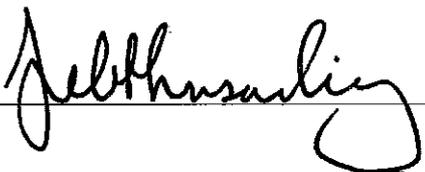
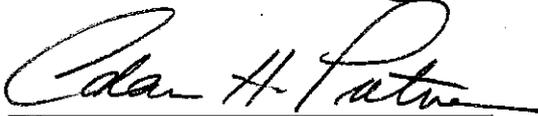
At a time when millions of Americans are struggling to repay their mortgage debts while coping with \$4/gallon gasoline and soaring food prices, they will be outraged to learn that some Members of Congress may have personally profited from their official positions through secret sweetheart deals on their mortgages. Although each allegation is individually alarming, when viewed together a disturbing pattern appears to emerge indicating that at least one large lender

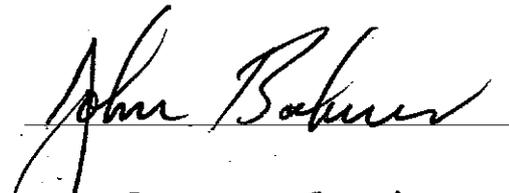
was making loans to elected officials that average, hardworking Americans would and could never receive. Although there is no evidence that has arisen to suggest direct *quid pro quo* dealings, it is extremely troubling that these revelations of preferential treatment have emerged at a time when Congress is considering multiple legislative proposals affecting the mortgage lending industry. These proposals, if enacted, could result in billions of dollars of financial savings for some lenders while exposing taxpayers to billions of dollars of risk. The inherent conflict of interest suggested here alone should merit closer scrutiny, but when members of congressional committees with primary jurisdiction over mortgage issues are implicated, further Congressional scrutiny becomes compulsory.

Madam Speaker, on January 18, 2006, you announced your commitment to creating "the most open and honest Congress in history" and last year you reiterated your dedication to end the "corruption prevailing through all levels of government" in your *New Direction for America* outline. We share your dedication to ensuring the American people have a government they can trust. That is why we are writing to demand that you commence Congressional hearings to determine the facts surrounding the matter and what must be done to prevent other Members of Congress from seeking or receiving such preferential treatment in the future.

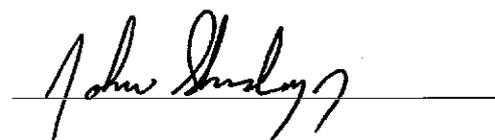
The time to act is now. These allegations of preferential treatment have shaken the confidence of many Americans and called into question the motivation behind pending multi-billion dollar legislation. If Congress has the time to conduct hearings on items of such as the state of thoroughbred horseracing, sewage treatment in San Diego, and the future of "The Old Post Office Building" in Washington, DC, surely it can find the time to hold hearings on an issue of national importance such as this one. With millions of hardworking people scrimping and saving to meet their mortgage obligations, the American people deserve to know that Members of Congress are not using their office to profit from secret sweetheart mortgage deals.

Sincerely,

  
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Scott Yarvis

Eric L. Kelly

Doug Samson

Frank Thomas

Chris Kingy Ba-11

David Lee CA 49

Jim Jordan OH-4

Jim Miller FLA. 24

Mary Jullin <sup>OK</sup>-05-

Sharon [Signature]

Al [Signature]

Jim [Signature] TX 24

Dave Weldon

Gene Schmitt TX 1

Phil [Signature]

Steve King

Steve Charlton

Fred R. Platts

[Signature]

Nicholas Bachmann