



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

BEN S. BERNANKE
CHAIRMAN

January 27, 2009

The Honorable Barney Frank
Chairman
Committee on Financial Services
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am pleased to inform you that the Board recently adopted the enclosed policy to help avoid preventable foreclosures on residential properties. The goal of the policy is to avoid

ed or controlled by a
e loan modifications
to maximize the net

preventable foreclosures on residential mortgage assets that are held, owned
Federal Reserve Bank and that are subject to the policy through sustainabl
and other actions that are consistent with the Federal Reserve's obligation
present value of the assets for the benefit of taxpayers.

requirements of
S.C. § 5220). In
ular, the Board has
e as collateral for the
LLC, Maiden Lane II,
performing. Information
pose vehicles is
29, 2008,

The Federal Reserve will apply the policy in accordance with the r
section 110 of the Emergency Economic Stabilization Act of 2008 (12 U.S.
addition, the Board has decided to apply this policy more widely. In parti
determined to apply the policy to the residential mortgage assets that serve
discount window loans extended by the Federal Reserve to Maiden Lane,
LLC and Maiden Lane III, LLC while those discount window loans are pe
concerning the loans extended by the Federal Reserve to these special purp
included in the reports previously filed with the Committee on December
November 17, 2008, and November 3, 2008.

I hope this information is helpful.

Sincerely,

A handwritten signature in black ink, appearing to be "Ben Bernanke".

Enclosure