



October 1, 2008

Dear Member of Congress:

On behalf of the United States Hispanic Chamber of Commerce, the national representatives for 2.7 million Hispanic owned businesses, we write to urge reconsideration and passage of an emergency economic stabilization plan that takes into account the needs of the Hispanic community.

As we all know, lax lending standards and failure to regulate new exotic industry practices led to irresponsible lending and irresponsible borrowing. Too many families took mortgages on homes they could not afford and too many institutions and banks invested their assets, and in many cases our community's assets, on new and dangerously risky mortgage backed securities. Now 5 million homeowners are delinquent or in foreclosure and too many of the assets that we gained during times of prosperity have been lost either in the declining value of our homes or due to the free fall of stock prices.

The initial failure to pass urgently needed relief offers us an opportunity to add provisions that will ensure Americans of the continued need for the availability of capital and of the safety and protection of their homes. Capital is the lifeblood of our economy, it drives everything from the ability to get a college loan for our children, to buying a car or even starting a business. The capital crunch and the housing market woes have had a deep impact on the Hispanic community by depriving capital from our consumers, by devaluing our homes – which are the first substantive asset held by Hispanic households, and placing too many families in or near default on subprime mortgages.

The Hispanic community has been among the biggest winners when the economy grew, and we have been among those losing the most in the contraction. Hispanic unemployment hovers at 8 percent, which is significantly higher than the national rate of 6.1 percent. Clearly, our community supports an emergency recovery bill, but for this effort to be fully comprehensive, we ask that it include:

- An aggressive and systematic approach to permit parties to modify the terms of loans as a prerequisite to loan purchase by federal agencies. In other words, the taxpayers should not be called upon to acquire a loan unless homeowners and borrowers are afforded relief;
- Expand the authorization of the Foreclosure Prevention Act to include the servicing of home mortgages with subordinated debt. Many members of underserved communities saw the value of their homes and communities rise as the housing market peaked, and used their new found equity as a means to finance debt consolidation, college education for their children, and even retirement investments. We cannot stand by as those most hurt by the correction in the housing market become those least eligible for relief from foreclosure because there is a second or third lien on the home;
- Extension of renewable energy and R&D tax incentives.

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- The Treasury must implement a plan to mitigate foreclosures and to encourage servicers of mortgages to modify loans through existing programs and to develop collaborative relationships with national organizations that represent socially disadvantaged communities for education programs. Furthermore, Treasury should use loan guarantees and credit enhancement to avoid foreclosures and to coordinate with other entities that hold these assets to identify loans that can be modified;
- Authorize the use of Emergency Economic Recovery Loans for small businesses through a temporary expansion of authorization to the SBA Disaster Loan Program, and we also urge suspension of both bank and applicant fees for the SBA 504 and 7(a) loan program;
- Revise the language in Section 107 - Contracting Procedures (b), which would grant authority to the Secretary to waive the Federal Acquisition Regulations that outline the standards and procedures to ensure, to the maximum extent practicable, the inclusion of minorities and women, and women-owned businesses in a solicitation or contract. This language is not consistent with the intent of Congress related to the inclusion and utilization of minority and women-owned businesses;

Furthermore, this Congress must recognize that its work is not complete with the passage of a recovery package. We strongly urge that Congress hold field hearings to better understand the plight of Hispanic communities nation-wide, invest in financial counseling programs for at-risk communities, and establish an oversight board for this recovery package that takes into account the perspective of minority communities.

Congress must act quickly to stem the economic effects of this current financial crisis, and it must also act intelligently to meet the needs of homeowners and small businesses, the backbones of American communities. You have our full cooperation and assistance to support passage of this bill in order to resolve the present financial crisis and fully address the needs of all Americans. For the sake of the Hispanic small businesses and communities nationwide, we urge your support of this legislation.

Sincerely,

Augustine Martinez  
President & CEO