



UNITED STATES
CONSUMER PRODUCT SAFETY COMMISSION
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BETHESDA, MD 20814

CHAIRMAN INEZ M. TENENBAUM

May 27, 2010

The Honorable Robert J. Wittman
U.S. House of Representatives
1318 Longworth House Office Building
Washington, DC 20515

Dear Representative Wittman:

I am writing to provide an update on the status of the U.S. Consumer Product Safety Commission's (CPSC) investigation into contaminated drywall, as well as an assessment of potential remediation options available to homeowners under the Commission's current statutory authority.

The investigation of matters related to problem drywall has been a top priority of the CPSC and our federal and state partners on the Interagency Task Force on Problem Drywall for over one year. To date, the Commission has spent over five million dollars conducting an in-depth scientific inquiry into the root causes of the drywall contamination. This research has led to the joint January 28, 2010, issuance of interim guidance with the Department of Housing and Urban Development (HUD) to help homeowners identify homes impacted by problem drywall. In addition, CPSC and HUD issued additional interim guidance on April 2, 2010, detailing steps that homeowners could take to remediate homes with problem drywall.

The CPSC believes that this guidance will prove helpful to many homeowners who wish to begin the process of remediating their homes. At the same time, however, we also understand that many homeowners lack sufficient financial resources to complete this work without assistance from either responsible parties or government entities.

As an interim step, the Commission has worked with several other agencies to identify existing programs that may assist homeowners seeking assistance with contaminated drywall in their homes. For example, on December 22, 2009, HUD announced that families with Federal Housing Administration (FHA) insured loans who are experiencing problems associated with problem drywall may be eligible for assistance to help them rehabilitate their properties and that the Community Development Block Grant (CDBG) program may be used for impacted homes. The CPSC has also provided information to the Internal Revenue Service (IRS) that may be

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helpful as that agency determines whether impacted homeowners may be eligible for a “casualty loss” deduction under the Internal Revenue Code (IRC).

The Commission has led the Interagency Task Force’s investigation in an attempt to produce credible, science-based analyses of reported problems while simultaneously seeking solutions for impacted consumers. The CPSC secures relief for tens of millions of consumers every year for hazardous consumer products, but such relief is predicated on a solvent actor subject to U.S. laws who can provide a remedy. The issue of contaminated drywall, however, involves a potentially multibillion dollar remedy with very few parties jurisdictionally available to fund such a remedy.

Even assuming that a solid case was established under the statutes of the Commission that contaminated drywall presented an imminent or substantial product hazard, we do not believe that there are enough responsible parties in the chain of commerce subject to U.S. law to provide satisfactory relief to the majority of impacted homeowners. This situation could leave a significant number of the homeowners impacted by contaminated drywall without meaningful compensation to remediate their homes.

Please know that the CPSC and our partner agencies remain committed to building a case to seek remedies for homeowners struggling with contaminated drywall, and will continue to engage with the Chinese government and Chinese manufacturers. To that end, representatives from the U.S. Department of State discussed the issue with the Chinese government at the U.S.-China Strategic and Economic Dialogue on May 24-25, 2010. At this stage, however, we believe that it is important to alert you to potential limitations on our ability to deliver significant relief to all impacted homeowners under the authorities and resources currently administered by the CPSC.

I hope that the information in this update is helpful to you. Should you have any questions or require additional information, please do not hesitate to contact me or Christopher Day, Director of Congressional Relations, at 301-504-7660, or by e-mail at cday@cpsc.gov.

Very truly yours,



Inez M. Tenenbaum