



December 1, 2015

Oppose S. 2038, the “Jumpstart GSE Reform Act” in the Omnibus FY 2016 Bill

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The Honorable Paul Ryan
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Ryan, Leader Pelosi, Leader McConnell, and Leader Reid:

The undersigned organizations oppose S. 2038, the “Jumpstart GSE Reform Act,” and urge you to reject any effort to include it in the omnibus FY 2016 appropriations agreement. While the name and the stated purpose of this bill may sound innocuous, it would effectively hinder rather than advance reform of Fannie Mae and Freddie Mac, increasing the risk of future taxpayer bailouts, and potentially jeopardizing the ability of the GSEs to expand affordable housing in the communities we represent.

We understand the desire of S. 2038’s sponsors for Congress to determine the future of our national housing finance system. After all, it is preferable to have the legislature take up sweeping policy issues in a deliberative, transparent process. The problem is that S. 2038, while seeking to eliminate the prospect of administrative GSE reform, does nothing whatsoever to help build a legislative consensus in its place.

Because Congress has no plans to take up GSE reform in the foreseeable future – something that even supporters of S. 2038 acknowledge – we would hope Congress would at the very least study the consequences of prohibiting Treasury from selling its shares of two corporations that have more than \$5 trillion in assets and liabilities, and that guarantee the majority of mortgage loans today. This would be especially important given the small and – by design – shrinking capital reserves held by the GSEs, which increases the likelihood of future bailouts. Yet S. 2038 has not been subjected to any formal hearings, floor debate, or other serious examination.

We should note that we join with housing, mortgage lending, and real estate industry advocacy organizations in opposing the use of GSE guarantee fees for federal expenditures that are not related to homeownership. We would be happy to work with Congress to advance legislation to this effect. In the meantime, we urge you to reject S. 2038. If you have any questions, please contact Rob Randhava, Senior Counsel at The Leadership Conference, at (202) 466-3311.

Sincerely,

Center for Responsible Lending
The Leadership Conference on Civil and Human Rights
NAACP
National Fair Housing Alliance