



Officers

Chair

Judith L. Lichtman
National Partnership for
Women & Families

Vice Chairs

Jacqueline Pata
National Congress of American Indians
Thomas A. Saenz
Mexican American Legal
Defense and Educational Fund
Hilary Shelton
NAACP

Treasurer

Lee A. Saunders
American Federation of State,
County & Municipal Employees

Board of Directors

Barbara Arnwine
Lawyers' Committee for
Civil Rights Under Law
Cornell William Brooks
NAACP
Lily Eskelsen Garcia
National Education Association
Marcia D. Greenberger
National Women's Law Center
Chad Griffin
Human Rights Campaign
Linda D. Hallman
AAUW
Mary Kay Henry
Service Employees International Union
Sherrilyn Ifill
NAACP Legal Defense and
Educational Fund, Inc.
Jo Ann Jenkins
AARP
Michael B. Keegan
People for the American Way
Elisabeth MacNamara
League of Women Voters of the
United States
Marc Morial
National Urban League
Mee Moua
Asian Americans Advancing Justice |
AAJC
Janet Murguía
National Council of La Raza
Debra Ness
National Partnership for
Women & Families
Mary Rose O'akar
American-Arab
Anti-Discrimination Committee
Terry O'Neill
National Organization for Women
Priscilla Ouchida
Japanese American Citizens League
Mark Perriello
American Association of
People with Disabilities
Anthony Romero
American Civil Liberties Union
David Saperstein
Religious Action Center
of Reform Judaism
Shanna Smith
National Fair Housing Alliance
Richard L. Trumka
AFL-CIO
Randi Weingarten
American Federation of Teachers
Dennis Williams
International Union, UAW

Policy and Enforcement

Committee Chair

Michael Lieberman
Anti-Defamation League

President & CEO

Wade J. Henderson
Executive Vice President & COO
Karen McGill Lawson

November 19, 2014

The Honorable Melvin L. Watt, Director
Federal Housing Finance Agency
400 7th Street SW, Ninth Floor
Washington, DC 20024

Dear Director Watt:

On behalf of The Leadership Conference on Civil and Human Rights and the National Council of La Raza, we write to you regarding the future role of the government sponsored enterprises (GSEs), Fannie Mae and Freddie Mac, in promoting a fair and affordable housing market. We greatly appreciate the leadership you have shown to date at FHFA to ensure the financial safety and soundness of the GSEs. As we move forward, we believe the time has come to discuss bringing the conservatorship to an end so that Fannie and Freddie may step up their role in promoting homeownership.

As you know, homeownership is a critical means for building financial security and for moving more Americans into the middle class. While many aspects of our national economy have significantly improved since the financial crisis of 2008, we remain concerned about the decline of homeownership within the middle class and the lasting impact on the communities we represent. Since the 2008 crisis, communities of color have become significantly less likely to experience the financial benefits of homeownership. The gap between black and white homeownership has widened over the past decade, from 26.1 percent to 30.4 percent. Young people are also less likely to become homeowners in this new economy. Even perceptions about homeownership among communities of color have changed: for example, sixty-three percent of Hispanic homeowners believe it would be difficult to get a home mortgage today, compared to 40 percent of the general population of owners. We must do all that we can to enact policies that will help reverse these disturbing trends. FHFA can lead on this, do it responsibly, and do it without putting taxpayers at risk.

We believe there are two aspects to meeting this goal. First, particularly given the demise of GSE "overhaul" legislation on Capitol Hill, it is clear that any successful policy to promote affordable homeownership must involve strong leadership into the future by Fannie Mae and Freddie Mac. These entities will be vitally important to the continued growth of our nation's housing market, and to the ability of consumers to continue obtaining affordable, 30-year, fixed-rate mortgages. The proposed bills in the 113th Congress to eliminate the GSEs would have been counterproductive, negatively impacting communities of color and young people, and impeding our ability to grow our nation's middle class.

Second, the GSEs require capital if they are to serve their historic mission. As your agency proceeds with its decisions on affordable housing policies, those policies naturally must be balanced with FHFA's statutory obligation as conservator to the safety and soundness of these enterprises. We applaud FHFA for its announcement last month on the expansion of lending to middle class borrowers, but we note that this expansion will require capital. We also note that some of the current proposals to raise g-fees and to impose new requirements




on private mortgage insurers will increase the costs of borrowing, and would still fall short of building the capital needed to grow a robust and healthy housing market. This is especially true given the GSE's status in what Rep. Maxine Waters (D-CA) describes as seemingly "permanent conservatorship," where they are unable to rebuild capital.

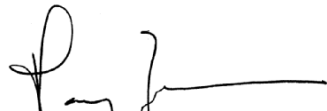
In light of this, in order to ensure the best path forward for increasing homeownership in the communities we represent, we believe it is vital to look into unwinding the conservatorship and allowing Fannie and Freddie to begin rebuilding their capital. Both agencies have become profitable, and could remain so while still giving the taxpayers a large return on the government's investment. We are not suggesting this be done without significant reforms to ensure that all markets are being served fairly, and without important taxpayer safeguards. But discarding the GSEs in their entirety would be a colossal mistake, and it is clear to use that under the proposed replacements for Fannie Mae and Freddie Mac, such as the committee-passed versions of the Johnson-Crapo or Hensarling bills, the current affordable housing benefits GSEs can provide simply could not be replicated in a new untested system.

We look forward to working with FHFA to formulate a plan that increases homeownership for more Americans while further reducing the liability of another catastrophic event on the backs of taxpayers. Exploring an end to the conservatorship and allowing the enterprises to build capital should be an important component of this effort.

We thank you for your consideration of our views, and we would appreciate the chance to continue the discussion at your earliest convenience. If you have any questions, please contact Rob Randhava, Senior Counsel at The Leadership Conference on Civil and Human Rights, at (202) 466-3311.

Sincerely,


Wade Henderson
President & CEO
The Leadership Conference


Nancy Zirkin
Executive Vice President
The Leadership Conference


Janet Murguía
President & CEO
National Council of La Raza