

October 27, 2015

The Honorable Barack Obama  
The President  
The White House  
1600 Pennsylvania Avenue  
Washington, DC 20500

Dear President Obama:

We are writing to express our concerns about statements made by Secretary Lew and other senior Treasury officials last week seemingly taking recapitalization of Fannie Mae and Freddie Mac off the table, and urging instead comprehensive reform by a Congress that, by all accounts, is politically deadlocked on the issue. With all of the political uncertainty, various piecemeal approaches to a new housing finance system and the future of the GSEs hanging in the balance, what we do not see or are unclear about is whether a government-sponsored and/or -supported secondary mortgage market will continue to subject financial institutions to **affirmative obligations to serve** traditionally underserved communities and all creditworthy borrowers. We firmly support Duties to Serve in the secondary market, as well as the primary market, and quite frankly, we are deeply concerned with what we see ahead.

At the outset, it cannot be stated strongly enough that we share the Administration's desire to build on the reforms of strong supervision and oversight of the Enterprises enacted as part of the Housing and Economic Recovery Act of 2008. We all recognize that important issues remain with regard to their corporate governance structure, the federal guarantee and the size of returns at the Enterprises. However, we also see certain political realities in front of us: there is no consensus in Congress around comprehensive housing finance reform, and a new Administration with unknown housing policies is on the horizon.

Collectively, we have grown increasingly uneasy about the uncertainty that these political realities raise. Given a seemingly interminable conservatorship, we are also concerned about: the outcome of several proposed policy riders pending in Congress; significant Federal Housing Finance Agency actions and other steps building towards a new housing finance infrastructure and practices; and the aggressive wind down of, among other areas, the Enterprises' paper-thin capital buffer.

The affordable housing goals and the products that Fannie Mae and Freddie Mac administer and have developed for underserved markets have and continue to play a critical role in housing finance, affecting affordability and access to credit for low- and moderate-income and minority communities. While at this moment in time, we may disagree strategically with those in the Administration who want to foreclose the possibility of recapitalizing Fannie Mae and Freddie Mac even as reforms continue, we fundamentally believe that you, Mr. President, are in the very best position to safeguard and protect homeownership for the working families and minority communities across

the country who rely most on the Enterprises for access to mortgage credit.

In the months that remain, we urge the Administration to consider the critical role of the affordable housing goals, rethink its position and begin the recapitalization of the Enterprises, while also continuing to pursue the reforms that remain for Fannie Mae and Freddie Mac.

Sincerely,

National Community Reinvestment Coalition (NCRC)  
National Association for the Advancement of Colored People (NAACP)  
League of United Latin American Citizens (LULAC)

cc:

The Honorable Joe Biden, Vice President

Valerie Jarrett, Senior Advisor to the President

Jeffrey Zients, Director, National Economic Council

The Honorable Jacob J. Lew, U.S. Secretary of the Treasury

The Honorable Melvin L. Watt, Director, Federal Housing Finance Agency

The Honorable Richard Shelby, Chairman, Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Sherrod Brown, Ranking Member, Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Jeb Hensarling, Chairman, House Committee on Financial Services

The Honorable Maxine Waters, Ranking Member, House Committee on Financial Services