

November 4, 2015

The Honorable Paul Ryan  
Speaker  
U.S. House of Representatives  
H-232, The Capitol  
Washington, D.C. 20515

The Honorable Nancy Pelosi  
Minority Leader  
U.S. House of Representatives  
H-204, The Capitol  
Washington, D.C. 20515

Dear Speaker Ryan and Leader Pelosi:

The undersigned organizations urge the House to adopt the Neugebauer-Huizenga amendment to H.R. 22, the DRIVE Act, which would remove two harmful provisions from the Senate version of the bill.

The Neugebauer-Huizenga amendment would remove from H.R. 22 a harmful proposal to reduce the dividend paid on Federal Reserve stock that would have significant negative consequences on banks of all sizes across the country. Member banks of the Federal Reserve are required by law to purchase stock in regional Federal Reserve Banks. This stock may not be sold, transferred or even used as collateral, unlike virtually every other asset a bank holds. These funds represent “dead capital” for the financial institution. The dividend that the Senate is considering reducing reflects the unique structure and constraints of this arrangement that is required by law, as this is money that otherwise would be used by banks for lending and to provide other services to customers.

The Neugebauer-Huizenga amendment would also remove from H.R. 22 an extension of higher Fannie Mae and Freddie Mac guarantee fees. The purpose of these fees is to prospectively guard against credit losses at Fannie Mae and Freddie Mac. G-fees should only be used to protect taxpayers from mortgage losses, not to fund unrelated spending. Each time g-fees are extended, increased and diverted for unrelated spending, homeowners are charged more for their mortgages and taxpayers are exposed to additional risk for the long-term. The g-fee increase was originally included in the Senate highway bill as a funding offset, but the Congressional Budget Office has scored the House bill as being budget neutral without this provision. It should be removed to ensure that potential homebuyers are not kept on the sidelines by raising the cost to purchase or refinance a home.

To ensure it is fully offset, the Neugebauer-Huizenga amendment would use the Federal Reserve’s “surplus” account of earnings retained after paying operating expenses and dividends. As a result of recent changes in the way the Federal Reserve operates, these retained earnings are no longer necessary. This amendment would use funds from this account to pay for the extension of the Highway Trust Fund.

We urge the House to pass the Neugebauer-Huizenga amendment to H.R. 22.

**America’s Homeowner Alliance**

**American Escrow Association**

**American Bankers Association**

**American Land Title Association**

**Center for Responsible Lending**

**The Clearing House**

**Community Home Lenders Association**

**Consumer Bankers Association**

**Consumer Mortgage Coalition**

**Credit Union National Association**

**The Financial Services Forum**

**Financial Services Roundtable**

**Habitat for Humanity International**

**Homeownership Preservation Foundation**

**Independent Community Bankers of America**

**Leading Builders of America**

**Mid-size Bank Coalition of America**

**Mortgage Bankers Association**

**National Association of Hispanic Real Estate Professionals**

**National Association of Home Builders**

**National Association of Real Estate Brokers**

**National Association of REALTORS®**

**Real Estate Services Providers Council, Inc.**

**The Realty Alliance**

**Securities Industry and Financial Markets Association**

**U.S. Chamber of Commerce Center for Capital Markets Competitiveness**

**U.S. Mortgage Insurers**