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April 10, 2002

**NATIONAL ASSOCIATION OF HISPANIC REAL ESTATE PROFESSIONALS
NATIONAL ASSOCIATION OF HOME BUILDERS
NATIONAL ASSOCIATION OF REAL ESTATE BROKERS
NATIONAL ASSOCIATION OF REALTORS**

April 10, 2002

The Honorable Michael G. Oxley
Chairman
Committee on Finance Services
U.S. House of Representatives
Washington, D.C. 20515

The Honorable John LaFalce
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Oxley and Ranking Member LaFalce:

We are writing to express our opposition to H.R. 4071, the "Uniform Securities Disclosure Act," which would require Fannie Mae and Freddie Mac to register their securities with the Securities and Exchange Commission. The bill would reverse a decades-old public policy that has been an important building block of the world's most efficient housing finance system. We believe the bill is a bad idea and could cause disruptions in the U.S. residential mortgage market and raise costs for the homebuyers served by that market.

H.R. 4071 would almost certainly result in higher mortgage rates and costs for homebuyers and could push homeownership out of the reach of many families. Most of these costs would come from the legislation's needless introduction of uncertainties and inefficiencies into a housing finance system that now gives homebuyers and lenders ready access to low-cost, reliable funds when and where they need them.

The United States has the world's best housing finance system. The secondary mortgage market for conforming loans, which Congress established through the creation of Fannie Mae and Freddie Mac, is central to that system, because it ensures that Americans have a stable and reliable supply of low-cost mortgage money at all times, in all economic conditions, and in all areas of the country. The market for Fannie Mae and Freddie Mac securities is large, liquid, and transparent, with efficient and highly-evolved market practices broadly accepted in the international capital markets. This market is an important reason that the primary and secondary mortgage markets, working together, have helped extend the benefits of homeownership to first-time homebuyers, new immigrants, minorities, and for low- and moderate-income borrowers and renters throughout the country.

In recent years, the present mortgage finance system has been a bulwark of the economy. Many economists believe that without the boost from housing, the recent recession would have started sooner, lasted longer, and been more severe. Instead, during the past year, as many key industries suffered serious declines, home construction increased by 4 percent and home sales were up nearly 6 percent. Low mortgage rates permitted a record number of households to refinance their loans, which saved consumers \$80 billion and softened the impact of the economic slowdown.

We oppose H.R. 4071 because we believe that it would have consequences that would make homeownership more expensive, harm consumers and damage the housing industry. We believe that Congress should not enact legislation that would needlessly make homeownership more expensive and that could impair the housing industry. Congress has considered and wisely rejected similar proposals in the past, and should reject H.R. 4071 as an unnecessary impediment to homeownership. We hope you share our views.

Signed,

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