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September 11, 2008

Director James B. Lockhart
Federal Housing Finance Agency (FHFA)
1700 G Street, NW, 4th Floor
Washington, DC 20552

Dear Director Lockhart:

We are writing to request that, as conservator of the Government Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac, the Federal Housing Finance Agency (FHFA) use its authority to suspend contributions by the GSEs to the Housing Trust Fund (Sec. 1337) recently authorized by the *Housing and Economic Recovery Act of 2008* (P.L. 110-289.)

As you know, this legislation created a vaguely defined Housing Trust Fund financed by 4.2 basis points for each dollar of unpaid principal balance from Fannie Mae and Freddie Mac's total new business purchases. Additionally, the legislation explicitly states that:

“The Director shall temporarily suspend allocations under subsection (a) by an enterprise upon a finding by the Director that such allocations—

- (1) are contributing, or would contribute, to the financial instability of the enterprise;
- (2) are causing, or would cause, the enterprise to be classified as undercapitalized;
- or
- (3) are preventing, or would prevent, the enterprise from successfully completing a capital restoration plan under section 1369C.”

Your recent decision to place the GSEs into conservatorship demonstrates that these entities are currently experiencing “financial instability” and would, without a direct investment by American taxpayers, be in an undercapitalized position. Regardless of one's views of the merits of the Housing Trust Fund -- which we question -- there should be no disagreement that during this time of conservatorship the GSEs and American homeowners across our nation simply cannot afford to finance it.

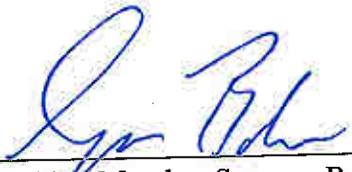
Fannie Mae and Freddie Mac currently own or guarantee mortgage-related obligations of more than \$5.4 trillion, an amount roughly equal to the United States' publicly held debt, and the U.S. Treasury has exercised its new authorities to provide them with billions of dollars in taxpayer backing to stay afloat. The very fact that the GSEs need such a massive taxpayer bailout is proof that siphoning funds from these entities to finance the

Housing Trust Fund would be irresponsible and harmful to homeowners, taxpayers, the GSEs, and America's financial markets.

Once again, as you continue to assess the financial position of the GSEs, we urge you to refrain from allocating any dollars to the Housing Trust Fund as described by Section 1337 of P.L. 110-289. We respectfully ask that you provide us with a response regarding your intentions.

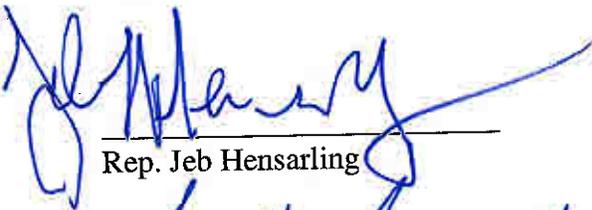
Thank you for your consideration of this request.

Sincerely,


Ranking Member Spencer Bachus

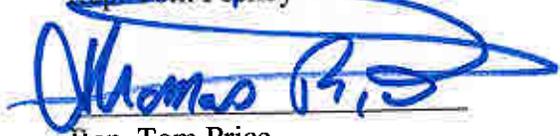

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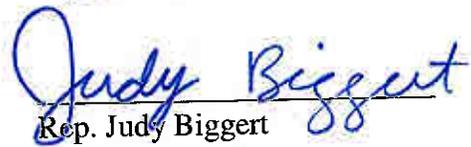

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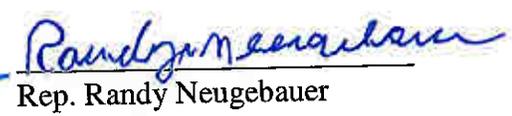

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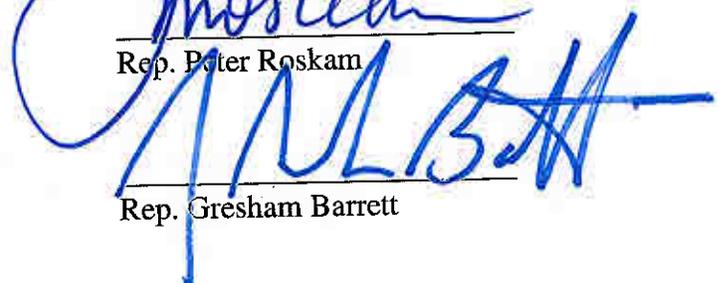

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