



September 30, 2016

Senator Charles E. Schumer  
Committee on Banking, Housing, & Urban Affairs  
322 Hart Senate Office Building  
Washington, D.C. 20510

Dear Senator Schumer:

We, the undersigned members of the New York Clergy, are writing to you to express our significant concern regarding ongoing efforts to dismantle Fannie Mae and Freddie Mac in the name of “reform.” Fannie Mae and Freddie Mac play a critical role in providing low- and moderate-income communities with opportunities for homeownership, increased financial mobility, and self-sufficiency.

We are increasingly alarmed that those who claim there is a need for more reform, or pretend that current government control of these companies has not caused unnecessary damage to low- and moderate-income communities, ignore the fact that substantial reform has *already* occurred. After all, reform of Fannie Mae and Freddie Mac was the first action taken by Congress to address the burgeoning financial crisis in 2008. Indeed, the enactment of the Housing and Economic Recovery Act of 2008 (“HERA”), two years before the Dodd-Frank Act was passed, created a new and appropriately empowered regulator to oversee these firms, imposed stringent capital standards, and reduced the risk that Fannie Mae and Freddie Mac could use their portfolios in unsafe manners. At the same time, HERA mandated that if the companies were placed in conservatorship, they would be recapitalized in a manner that preserves their affordable housing goals and lending to underserved communities.

Since their inception, Fannie Mae and Freddie Mac have acted to ensure that banks and other lenders would be able to extend mortgage credit in good times and in bad times. Their important service to our economy, from 1938 to the present, has helped lift millions of families out of economic bondage and, by supporting homeownership, provided those families with a chance to join

the middle-class, increase their self-sufficiency, and improve the social and educational outcomes of their children and communities. However, as our communities of color seek to pursue those same goals today, Washington is inexplicably curtailing and threatening to eliminate the business functions performed by Fannie Mae and Freddie Mac.

Recent analysis by the Pew Research Center highlights some current realities: for instance, median net worth of white households is now \$144,200, while for black households it is only \$11,200. Home equity is the single largest factor that explains this staggering 92% differential. Seventy-two (72%) percent of white households own their home compared to only forty-three (43%) percent of black households, and declines in homeownership since the financial crisis have been much more severe for blacks than whites. Washington must know by now that the nation's largest banks remain *obstacles* to improving these figures, and those big banks have no comparable duty to serve communities of color as is the case with Fannie Mae and Freddie Mac. As a result, ongoing efforts to transfer the mortgage securitization platforms of Fannie Mae and Freddie Mac into the hands of the big banks creates enormous risks to minority homeownership and to the fundamental mission tasked to the government-sponsored enterprises. Given the reprehensible behavior by the biggest banks over the last decade, we cannot fathom why legislators would even contemplate providing those same financial institutions – whose business practices have decimated our communities, and who have been repeatedly fined by the federal government for predatory, fraudulent, and otherwise illegal activities that disproportionately target low- and moderate-income consumers – with more control over the housing finance market. This is not only irresponsible but will be incredibly *detrimental* to our communities that you are tasked to serve and protect.

Over the last eight years, Fannie Mae and Freddie Mac have been directed by their conservator, the Federal Housing Finance Agency, to dramatically tighten underwriting standards and increase the guarantee fees that they charge to borrowers. These requirements have already made it difficult for the companies to serve our communities well. New initiatives requiring Fannie Mae and Freddie Mac to transfer “risk” to private market participants is unnecessarily layering additional costs onto borrowers. If Fannie Mae and Freddie Mac were actually permitted to retain appropriate levels of private capital in accordance with HERA, the companies would safely bear the risk that big banks refuse to – and could do so without creating exposure for taxpayers.

We hope that you will help us to push back on current efforts to gift the proprietary infrastructure of Fannie Mae and Freddie Mac to the big banks. Our communities, including our places of worship, rely on steady access to mortgage loans. Community lending – whether through community development financial institutions, credit unions, or community banks – best serve our neighborhoods, and Fannie Mae and Freddie Mac have consistently worked with those firms to support us in improving our communities. Indeed, Fannie's and Freddie's affordable housing goals and duties to serve underserved communities have been and remain key to our hopes of closing the wealth and income gap through homeownership.

Conversely, the biggest banks have consistently displayed a disinterest in lending to us, and the likely effects of their feverish support for “GSE reform” should be as transparent to you as it is to us: more gentrification in our neighborhoods, more rental properties across our communities, less homeownership opportunities for our parishioners. The efforts of these big banks to mint another dollar by controlling the housing finance market will result in an increase of systemic risk, come at the expense of homeownership, reinforce the economic disparities plaguing our communities, and shut the door on our economic self-sufficiency.

Thank you for your attention to this important and urgent matter. We would welcome the opportunity to meet to with you to further discuss this issue. If you have any questions/concerns or would like to set up a meeting, please contact us at (646) 543-1389.

Sincerely,

Rev. Dr. Carl L. Washington, Jr	New Mt. Zion Baptist Church	Harlem
Rev. Shon Adkins	Antioch Baptist Church	Harlem
Rev. Shepherd Lee, Sr	Baptist Temple Church	Harlem
Rev. Paul Waever, Jr	Bethesda Baptist Church	New Rochelle
Rev. Edward Oliver, Jr	Blessed Trinity Baptist Church	
Rev. Albert Sterling Hawkins	Church of the Meek	Harlem
Rev. Theresa Bra Wyatt	Churchill Baptist Church	Harlem
Rev. Lerone Crawford	Day Spring Baptist Church	Harlem
Bishop M. Philip Crichlow	East Mt. Olive Baptist Church	Harlem
Rev. Fred Burrell	Fellowship Baptist Church	
Rev. James Kilgore	Friendship Baptist Church	Harlem
Rev. Booker T. Sears	Goodwill Baptist Church	Bronx
Rev. Geraldine Harris	Greater File Chapel Baptist	Bronx

Rev. Jeffrey Crenshaw	Greater Tabernacle BC	Bronx
Rev. Betty Spencer	Lowly Nazarene Baptist Church	Harlem
Rev. Isaac Graham	Macedonia Baptist Church	Harlem
Rev. Renee Washington-Gardner	Memorial Baptist Church	Harlem
Rev. Gloria Bradshaw	Mt. Bethel Baptist Church	Bronx
Rev. Wayne Williams	Mt. Hebron Baptist Church	Bronx
Rev. Jerome Washington	New Mt. Calvary Baptist Church	Harlem
Rev. Patricia Morris	New Springfield BC	Harlem
Rev. Hiram Ratliff	New Tabernacle Baptist Church	Bronx
Rev. Earnestine Mays	Rescue Baptist Church	Harlem
Rev. Arthur Harris	Rescue Baptist Church	Harlem
Rev. Robert Jones	Second St. John Baptist Church	Harlem
Rev. Edmond Osario	Second Tabernacle Baptist	
Rev. Lisa Jenkins	St. Matthews Baptist Church	Harlem
Rev. Antonio Jordan	St. Stephan Baptist Church	
Rev. Dr. Daniel Dupree	The Greater Universal Baptist	Bronx
Rev. Connis Mobley	Tried Stone Baptist Church	Bronx
Rev. Keith Bolden, Sr	UMBA	Harlem
Rev. Frederick Crawford	Union Grove Baptist Church	Bronx
Rev. Melvin Wilson	New York Annual Conference, AME Church	Brooklyn-Westchester
Rev. J. Loren Russell	Goodwill Baptist Church	Bronx
Rev. Kevin Osbourne	Refuge Church of God	Brooklyn
Rev. Dr. Adolphus Lacey	Bethany Baptist Church	Brooklyn
Rev. Patrick Young	First Baptist Church	Astoria
Rev. Johnny Green	Mt. Neboh Baptist Church	Harlem

Cc: Senator Kirsten Gillibrand  
478 Russell Senate Office Building  
Washington, D.C. 20510

Representative Gregory W. Meeks  
Fifth Congressional District of New York  
2234 Rayburn House Office Building  
Washington, D.C. 20515

Representative Nydia M. Velazquez  
Seventh Congressional District of New York  
2302 Rayburn House Office Building  
Washington, D.C. 20515

Representative Hakeem S. Jefferies  
Eighth Congressional District of New York  
1607 Longworth House Office Building  
Washington, D.C. 20515

Representative Carolyn B. Maloney  
Twelfth Congressional District of New York  
2308 Rayburn House Office Building  
Washington, D.C. 20515

Representative Charles B. Rangel  
Thirteenth Congressional District of New York  
2354 Rayburn House Office Building  
Washington, D.C. 20515

Senator Corey Booker  
359 Dirksen Senate Office Building  
Washington, D.C. 20510

Representative Donald M. Payne, Jr.  
Tenth Congressional District of New Jersey  
103 Cannon House Office Building  
Washington, D.C. 20515

Representative Bonnie Watson Coleman  
Twelfth Congressional District of New Jersey  
126 Cannon House Office Building  
Washington, D.C. 20515

Senator Sherrod C. Brown  
Ranking Member, Committee on Banking, Housing, & Urban Affairs  
534 Dirksen Senate Office Building  
Washington, D.C. 20510

Representative Maxine M. Waters  
Ranking Member, Committee on Financial Services  
2221 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Melvin L. Watt  
Director, Federal Housing Finance Agency  
400 7<sup>th</sup> Street, SW  
Washington, D.C. 20219