

Congress of the United States
Washington, D.C. 20515

December 23, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, DC 20220

Dear Secretary Mnuchin:

We write in response to comments you recently made to the press about your likely actions regarding Fannie Mae and Freddie Mac (collectively, the Enterprises). We are especially concerned that the Department of Treasury (Treasury) might pursue a significant change in housing finance policy that would have economic implications for all Americans, in the midst of a pandemic in which 20 million people are receiving unemployment¹, millions of homeowners remain unable to pay their mortgages², and an estimated one in six renters are unable to keep up with rent.³

Your recent testimony before the Senate Committee on Banking, Housing, and Urban Affairs and the House Financial Services Committee was not forthcoming about any decisions with regard to changes to the housing finance system.⁴ But in recent media reports you have indicated you do in fact have plans you are working to set in motion. Two weeks ago, you told members of the press that “there are changes we will most likely make” to the Enterprises⁵, and last week you further indicated that Treasury is considering new limits on the Enterprises.⁶ We are concerned that some of the policy changes Treasury has previously endorsed, including restricting or eliminating guarantees for certain types of loans and other, more aggressive proposals, could threaten the stability of the \$11 trillion mortgage market.⁷

Due in part to historically low interest rates, the housing market has so far remained a bright spot for some in the economy. However, millions of borrowers who are unable to make mortgage payments as a result of the pandemic are receiving mortgage forbearance and entering into default, while housing

¹ “Another 712,000 Americans filed for unemployment benefits last week,” CNN Business, December 3, 2020, available at <https://www.cnn.com/2020/12/03/economy/unemployment-benefits-coronavirus/index.html>.

² “Share of Mortgages in Forbearance Remains Flat at 5.54 Percent,” Mortgage Bankers Association, December 7, 2020, available at <https://www.mba.org/2020-press-releases/december/share-of-mortgage-loans-in-forbearance-remains-flat-at-554-percent>.

³ “Tracking the COVID-19 Recession’s Effects on Food, Housing, and Employment Hardships,” CBPP, December 4, 2020, available at <https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and>.

⁴ Testimony of Secretary Steven Mnuchin before the House Committee on Financial Services, December 2, 2020, available at <https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=407031>.

⁵ “Mnuchin Says He’s ‘Likely’ to Back Change to Fannie and Freddie,” Joe Light and Saleha Mohsin, Bloomberg, December 9, 2020, available at <https://www.bloomberg.com/news/articles/2020-12-10/mnuchin-says-he-s-likely-to-back-changes-to-fannie-and-freddie>.

⁶ “Fannie, Freddie Privatization Decisions Likely to Be Left to Biden Administration,” Andrew Ackerman, Wall Street Journal, December 15, 2020, available at <https://www.wsj.com/articles/fannie-freddie-privatization-decisions-likely-to-be-left-to-biden-administration-11608028200>.

⁷ “Fannie, Freddie Privatization Decisions Likely to Be Left to Biden Administration.”

experts across the country are issuing dire warnings that our nation could be on the verge of an avalanche of evictions due to the economic impact of the COVID-19 pandemic.⁸ Government actions and support are keeping our housing market on sound financial footing during the current surge of COVID-19 cases, which is seeing nearly 200,000 infections and 3,000 deaths per day. Federal Reserve Chair Jerome Powell recently called the economic outlook “extraordinarily uncertain.”⁹

Amidst this uncertainty, any significant changes to our multi-trillion dollar housing system, which affects every person in this country, could further damage the economy. Market participants have similarly raised concerns that sudden changes to the housing system could further compromise the financial stability of millions of families and the housing market both during and after the pandemic.¹⁰ Treasury should listen to the concerns raised from all corners and immediately halt any plans for significant changes to our housing finance system at this critical moment for our economy.

We were also surprised to see that you reportedly told members of the press that you had spoken with Democrats and Republicans in the past few weeks. As the Chairwoman and Ranking Member of the committees of jurisdiction in the House and Senate, respectively, we have not heard from you or from your staff regarding efforts Treasury may be undertaking. We therefore request that you immediately provide us with a comprehensive briefing on any actions the Treasury Department might take in the next month that will affect our housing finance system and housing opportunities for families across the country.

We look forward to your prompt response to this urgent matter.

Sincerely,



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



Maxine Waters
Chairwoman
House Committee on Financial Services

⁸ “The COVID-19 Eviction Crisis: an Estimated 30-40 Million People in America Are at Risk,” Emily Benfer, David Bloom Robinson, Stacy Butler, Lavar Edmonds, Sam Gilman, Katherine Lucas McKay, Zach Meumann, Lisa Owens, Neil Steinkamp, and Diane Yentel, Aspen Institute, August 7, 2020, available at <https://www.aspeninstitute.org/blog-posts/the-covid-19-eviction-crisis-an-estimated-30-40-million-people-in-america-are-at-risk/#comments>.

⁹ Testimony of Federal Reserve Chair Jerome Powell before the Senate Committee on Banking, Housing, and Urban Affairs, The Quarterly CARES Act Report to Congress, December 1, 2020, written testimony available at <https://www.banking.senate.gov/imo/media/doc/Powell%20Testimony%2012-1-20.pdf>.

¹⁰ For example, see Letter from Structured Finance Association CEO Michael Bight RE: Preferred Stock Purchase Agreements and Releasing GSEs from Conservatorship, November 23, 2020, available at <https://structuredfinance.org/wp-content/uploads/2020/11/SFA-response-to-Treasury-on-PSPAs-Releasing-GSEs-Final-Draft.pdf>; Letter from the National Association of Realtors to Secretary Mnuchin and Director Calabria, November 30, 2020, available at <https://narfocus.com/billdatabase/clientfiles/172/3/4187.pdf>.