

Congress of the United States
Washington, DC 20515

June 28, 2004

The Honorable George W. Bush
President of the United States
The White House
Washington, DC 20050

Dear Mr. President:

We urge you to reconsider your Administration's criticisms of the housing-related government sponsored enterprises (the "GSEs") and instead work with Congress to strengthen the mission and oversight of the GSEs.

We write as members of the House of Representatives who continually press the GSEs to do more in affordable housing. Until recently, we have been disappointed that the Administration has not been more supportive of our efforts to press the GSEs to do more. We have been concerned that the Administration's legislative proposal regarding the GSEs would weaken affordable housing performance by the GSEs, by emphasizing only safety and soundness. While the GSEs' affordable housing mission is not in any way incompatible with their safety and soundness, an exclusive focus on safety and soundness is likely to come, in practice, at the expense of affordable housing.

We have been led to conclude that the Administration does not appreciate the importance of the GSE's affordable housing mission, as evidenced by its refusal to work with the House and Senate on this important legislation. It now appears that, because Congress has not been willing to jeopardize the GSE's mission, the Administration has turned to attacking the GSEs publicly. We are very concerned that the Administration would work to foster negative opinions in the financial markets regarding the GSEs, raising their cost of financing. If the intent is to get pro-housing members of Congress to weaken their support of the GSEs' mission, it is a mistaken strategy.

Our position is not based on institutional loyalty, but on concern for the GSE's affordable housing function. We appeal to you to agree to work on legislative proposals that foster sound oversight and vigorous affordable housing efforts instead of mounting assaults in the press. We also ask you to support our efforts to push the GSEs to do more affordable housing. Specifically, join us in advocating for more innovative loan products and programs for people who desire to buy manufactured housing, similar products to preserve as affordable and rehabilitate aging affordable housing, and more meaningful GSE affordable housing goals from HUD.

The President
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For example, as a President that has a sincere appreciation for rural America, we urge you to direct the Rural Housing Service to place a high priority on working with the GSEs to close as many loans as possible this year to preserve the Section 515 rural housing stock, which is home to some of this country's poorest citizens.

In closing, we reiterate that an exclusive emphasis on safety and soundness, without an appropriate balance in focus on the affordable housing mission of the GSEs, is misplaced. Strong safety and soundness regulation and a vigorous affordable housing mission are not only compatible, but will reinforce each other. We ask you to work with us to craft legislation that achieves the proper balance in both areas.

Sincerely,


REP. BARNEY FRANK


REP. NANCY PELOSI


REP. PAUL E. KANJORSKI

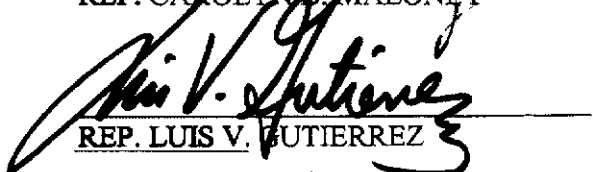

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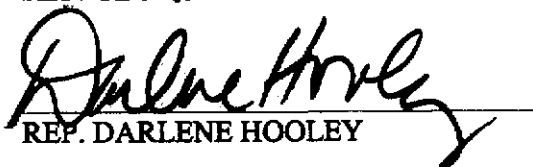

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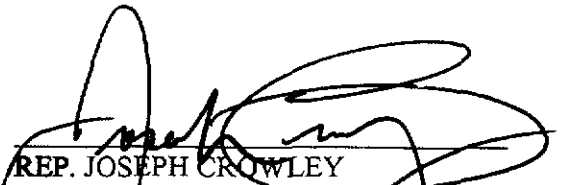

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