



Republican National Committee

Counsel's Office

RESOLUTION ON PROTECTING TAXPAYERS BY RESTORING SAFETY AND SOUNDNESS TO GOVERNMENT-SPONSORED ENTERPRISES

WHEREAS, Housing remains the single largest asset for most American families, and each year America's housing sector (comprised of housing services and residential investment) contributes over 15% to U.S. gross domestic product;

WHEREAS, The United States Congress has previously enacted legislation to help make homeownership more affordable and accessible for qualified homebuyers by improving secondary loan market liquidity;

WHEREAS, For decades, two Government-Sponsored Enterprises – Fannie Mae and its smaller sibling, Freddie Mac – have made home ownership possible by providing trillions of dollars in mortgage financing to America's housing market, enabling millions of families to buy, refinance or rent homes;

WHEREAS, For decades, Fannie Mae and Freddie Mac have fulfilled their historic role of providing the mortgage market with adequate levels of liquidity at all times, enabling the uniquely American and highly popular 30-year fixed rate mortgage to exist;

WHEREAS, For decades, Fannie Mae and Freddie Mac have been privately owned, publicly traded mortgage insurance companies providing enormous benefits to America's housing market without costing taxpayers a penny;

WHEREAS, Since 2008, Fannie Mae and Freddie Mac have been held captive in a perpetual federal conservatorship that has hamstrung their ability to help communities gain access to homeownership;

WHEREAS, Misguided policies initiated by the Obama Administration triggered a dramatic decline in America's homeownership rate, which in 2016 hovered near a 50-year low, and fueled a serious rental affordability crisis;

WHEREAS, In 2012, the Obama Administration attempted to nationalize Fannie Mae and Freddie Mac by unilaterally imposing terms that would render the companies permanent wards of the state;

WHEREAS, The Obama Administration misused Fannie Mae and Freddie Mac as an illegal piggybank to advance its domestic policy agenda, unlawfully usurping over \$130 billion from both companies to (i) avoid earnest negotiations with congressional Republicans on the debt ceiling, (ii) support administration prerogatives without seeking congressional authorization, and (iii) artificially reducing the federal budget deficit to create a false “legacy of fiscal responsibility”;

Whereas, Despite their enormous profitability over the last six years, Fannie Mae and Freddie Mac’s capital reserves are scheduled to be entirely confiscated at the end of 2017, which will leave two of the largest insurance companies in the United States without any capital buffer to protect taxpayers and support the housing market;

WHEREAS, The Community Home Lenders Association, Community Mortgage Lenders of America, Independent Community Bankers of America, Leading Builders of America, National Association of Realtors, and other organizations have all publicly expressed concerns about the scheduled elimination of capital reserves held by Fannie Mae and Freddie Mac, and the associated negative ramifications for our economy;

WHEREAS, By prolonging Fannie Mae and Freddie Mac’s current state of limbo, the federal government is fostering continued market uncertainty, unnecessarily exposing taxpayers to financial risks, and exacerbating our Nation’s housing problems; and

THEREFORE, BE IT:

RESOLVED, The Republican National Committee recognizes the longstanding economic benefits of a robust housing sector as well as the importance of promoting responsible homeownership and preserving the 30-year fixed rate mortgage;

RESOLVED, The Republican National Committee recognizes that no financial institution in the United States can safely operate without adequate capital, and that taxpayers will not be sufficiently protected until Fannie Mae and Freddie Mac are permitted to rebuild equity capital;

RESOLVED, The Republican National Committee recognizes that the United States Treasury has recouped all of the money that it invested in Fannie Mae and Freddie during the 2008 financial crisis, plus over \$80 billion in profits to date, and that the Treasury can generate an estimated \$100 billion in additional cash profits by monetizing its warrants for 79.9% of each company’s common stock;

RESOLVED, The Republican National Committee recognizes the sanctity of property rights in America, and acknowledges the need to resolve the outstanding claims of Fannie Mae and Freddie Mac shareholders in a manner that honors and respects the rule of law governing the rights of corporate stockowners;

RESOLVED, The Republican National Committee calls upon our President, Members of Congress, and Governors to protect taxpayers from future bailouts by supporting administrative action that restores safety and soundness to Fannie Mae and Freddie Mac.