

Resolution No. 10

Date: May 2, 2008

City: Washington, D.C.

NAHB Resolution

Title: Improving Mission Efforts by Fannie Mae and Freddie Mac
Original Sponsors: National Vice Presidents and State Representatives

WHEREAS, Fannie Mae and Freddie Mac were established as government-sponsored enterprises (GSEs) to provide mortgage market liquidity and to improve the affordability of housing for home buyers and renters;

WHEREAS, as GSEs, Fannie Mae and Freddie Mac enjoy funding advantages that allow them to pursue their congressionally chartered mission while also providing returns to their private stockholders;

WHEREAS, the mortgage markets have experienced severe turmoil since August 2007, making mortgage credit more difficult and expensive to obtain;

WHEREAS, under their charters, Fannie Mae and Freddie Mac are obligated to take actions to increase mortgage market stability and reduce the cost of mortgage credit, and are required to meet specific affordable housing mortgage purchase goals established by the Department of Housing and Urban Development (HUD);

WHEREAS, the Office of Federal Housing Enterprise Oversight (OFHEO), which regulates the safety and soundness of Fannie Mae and Freddie Mac, has removed restrictions on mortgage portfolio growth and reduced capital requirements to allow these companies to assume a more active role in addressing mortgage credit needs;

WHEREAS, Congress has enacted economic stimulus legislation that temporarily increases the number of homes eligible for Fannie Mae and Freddie Mac mortgage purchases;

WHEREAS, HUD has waived compliance with the home purchase sub-goals of Fannie Mae's and Freddie Mac's 2007 Affordable Housing Mortgage Purchase goals; and

WHEREAS, both Fannie Mae and Freddie Mac have taken a number of steps aimed at increasing capital and reducing mortgage credit risk, which have actually increased the cost and reduced the availability of mortgage credit for borrowers who are most in need of GSE support,

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders urge Fannie Mae and Freddie Mac to reconsider recent changes in their underwriting and fees in light of their government charter and mission to provide liquidity and to improve the affordability of housing for home buyers and renters; and

BE IT FURTHER RESOLVED, that NAHB urge Fannie Mae and Freddie Mac to find means to raise capital and manage risk that do not reduce homeownership and rental housing opportunities.

Board of Directors Action:
Executive Board Action:
Resolutions Committee Action:
Federal Government Affairs Committee Action:
Housing Finance Committee Action:

Approved
Recommends Approval
Recommends Approval
Recommends Disapproval
Recommends Approval