

My husband and I are the owners of Refreshing Waters; a ministry to provide rest and refreshment to world-wide missionaries and pastors. Many of the people we minister to have left the comforts of home and family in the United States to take on the struggles of living life in third world settings and to minister to the people and communities that live in horrible poverty. They bring education, health care, housing, resources, jobs, and the light of Jesus Christ to places where the privilege of eating one meal a day makes that day a victory. We want desperately to expand this ministry to provide additional resources in some of the poorest places in the world and to grow the ministry to provide disaster relief resources world-wide. Our ability to expand has been halted due to the institution of the GSE Net Worth Sweep and the de-listing of FNMA and FMCC from the NYSE.

I am writing today to implore the Federal Housing Finance Agency, in its capacity as the GSEs' conservator, to include in its strategic plan the suspension of Fannie and Freddie dividend payments to the Treasury Department in order to allow the GSEs to reserve capital and begin building a direly needed capital base.

The GSEs have recently entered their ninth year in conservatorship. Testifying October 3 before the House Financial Services Committee, FHFA Director Mel Watt reiterated his belief that the conservatorship is not sustainable and that it has been "unprecedented in scope, complexity and duration," especially considering the GSEs support over \$5 trillion in mortgage loans and guarantees.

As required under the Housing and Economic Recovery Act of 2008, FHFA has helped restore the GSEs to a safe and solvent condition, enabling them to continue to provide liquidity and stability in the home loan marketplace. However, changes made in 2012 to the terms of the conservatorship that requires the GSEs to make quarterly dividend payments to the U.S. Treasury will leave the GSEs with no reserve capital beginning January 1, 2018. This is counter to the interest of taxpayers, the rights of GSE shareholders

and the public policy goal of access to home finance, regardless of economic cycles.

The government and taxpayers have been paid back in full for \$187.5 billion in emergency funds provided to the GSEs during the financial crisis of 2008-09. As the GSEs have continued to turn a profit, an additional sum of over \$80 billion has been paid to the U.S. Treasury, as required by the Third Amendment of the conservatorship's terms. There was never a legitimate policy rationale for this action commonly called the Net Worth Sweep. Its continuation is now creating new hazards for all stakeholders.

The systematic depletion of the GSEs' capital reserves means taxpayers will be compelled to cover possible losses, which is a matter of concern expressed by Members of Congress from both political parties, Director Watt and Treasury Secretary Steven Mnuchin. The weakening of the GSEs' financial condition is in direct opposition of HERA's mandate for FHFA to return the GSEs to solvency. The policy also undermines a predictable, stable home loan marketplace and affordable housing goals in federal law. In addition, the policy violates the Constitutional rights of the GSEs' shareholders.

Ending the Net Worth Sweep will facilitate a responsible exit from the conservatorship, as HERA envisions. The thousands of everyday, working Americans who comprise Investors Unite have invested their hard earned money in the GSEs for retirement, education and other needs, and have suffered unjustly as a result of the Sweep. These Americans expect only that federal agencies execute the law fully and faithfully. More broadly, the Sweep creates unnecessary uncertainty in the housing sector, which accounts for nearly 20 percent of the U.S. economy. The policy also sets a bad precedent for the trustworthiness of the government in dealing with distressed financial institutions.

It is time to end the quarterly dividend payment by Fannie Mae and Freddie Mac and protect taxpayers from having to provide additional support to the GSEs. An eventual exit from the conservatorship

must respect the rights of hardworking people who own shares in Fannie and Freddie and create a sustainable mortgage market for future generations of Americans.