

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

December 3, 2020

The Honorable Dr. Mark A. Calabria
Director
Federal Housing Finance Administration
400 7th Street, SW
Washington, DC 20219

Dear Director Calabria:

It is my understanding that despite requests from my staff for you to testify before the Committee on Financial Services in December, you have chosen to make yourself unavailable until sometime next Congress. Considering the Federal Housing Finance Agency's (FHFA) release of the final rule entitled "Enterprise Regulatory Capital Framework Final Rule" on November 18, 2020,¹ as well as recently reported efforts to rush Fannie Mae and Freddie Mac (collectively, the Enterprises) out of federal government conservatorship,² along with conversations the Secretary of the Treasury recently confirmed to the Committee that he is having with you on this topic,³ I believe it is critical that you testify before our Committee as soon as possible. Just a few months ago, you testified before our Committee and reassured Members that the process for releasing the Enterprises from conservatorship would be "process driven, not calendar driven."⁴ However, finalizing a new capital framework and making significant changes to the Senior Preferred Stock Purchase Agreements or otherwise making plans for a release in the middle of a national pandemic and recession appears to be purely "calendar driven" as your time as the Director of FHFA and that of the Trump Administration is winding down. You have a duty to be transparent with Congress regarding any steps you are taking to implement such a major decision that could seriously compromise the stability of the housing market and overall national economy. Therefore, I want to be clear that it is my expectation that you should not take any further steps in this regard until you have come before our Committee.

Our country is in the middle of a pandemic and economic downturn that has over 2.8 million homeowners in forbearance,⁵ with 3.8 million homeowners estimated to be in some stage of delinquency,⁶

¹ [RIN-2590-AA95](#)

² Wall Street Journal, "[Fannie, Freddie Overseer Looks to End Federal Control Before Trump Leaves](#)," Nov. 20, 2020.

³ Financial Services Committee, "[Hybrid Hearing - Oversight of the Treasury Department's and Federal Reserve's Pandemic Response](#)," Dec. 2, 2020.

⁴ Financial Services Committee, "[Virtual Hearing - Prioritizing Fannie's and Freddie's Capital over America's Homeowners and Renters? A Review of the Federal Housing Finance Agency's Response to the COVID-19 Pandemic](#)," Sept. 16, 2020.

⁵ Mortgage Bankers Association, "[Share of Mortgage Loans in Forbearance Increases to 5.54 Percent](#)," Dec. 1, 2020.

⁶ Mortgage Bankers Association, "[Mortgage Delinquencies Decrease in the Third Quarter of 2020](#)," Nov. 10, 2020.

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and an administrative foreclosure moratorium standing between millions of homeowners,⁷ potential bankruptcy, and even homelessness. Further, as this turmoil rages on, affecting borrowers of color disproportionately,⁸ your agency's response to the pandemic has been criticized as falling short.⁹ And yet, rather than focusing on responding to the pandemic, FHFA has been focused on finalizing a rule establishing a new, complex capital framework for the Enterprises with little analysis and that is expected to disrupt historically low interest rates, increase the cost of lending for borrowers, and push millions of credit-worthy borrowers out of affordable lending options.

On November 3, 2020, the American people spoke with their votes at the ballot box and delivered a clear mandate. As such, it is incumbent upon you to recognize the will of the American people and cease and desist from finalizing any "midnight rules" or other administrative actions until President-Elect Joseph R. Biden is sworn into office on January 20, 2021 and his Administration can review. Such rulemaking and actions undermine our country's regulatory process, and indeed our democracy, by rushing through controversial policies that could have sweeping effects on families and our economy without transparency, rigor, and legitimacy. Moreover, because President Trump and your agency had barred access to President-Elect Biden's transition team unnecessarily for 20 days, flouting precedence and undermining our democratic traditions, any actions taken by your agency before inauguration will be met with heavy scrutiny and may be overturned under the Congressional Review Act during the next Congress.

I believe that it is entirely inappropriate for you and your agency to be focusing on releasing the Enterprises from conservatorship during the pandemic with the assistance of a lame duck Treasury Secretary. At the very least, the Congress and the American public deserve transparency from you. On behalf of current homeowners, renters, potential homebuyers, and more than 19 million prospective millennial homeowners,¹⁰ I urge you to fully engage with Congress by testifying before our Committee and to immediately halt your efforts to raise the Enterprises' capital requirements and to release them from conservatorship. You should instead focus on ensuring that renters and homeowners are receiving the help they need during this pandemic. I look forward to working with you to find a mutually agreeable time for you to testify before the Committee.

Sincerely,



MAXINE WATERS
Chairwoman

cc: The Honorable Patrick McHenry, Ranking Member

⁷ FHFA, "[FHFA Extends Foreclosure and REO Eviction Moratoriums](#)," Dec. 2, 2020.

⁸ Census Bureau, "[Week 19 Household Pulse Survey: November 11 – November 23](#)," Dec. 2, 2020.

⁹ CNN, "[The Trump administration may turn a health crisis into a housing crisis](#)," Apr. 10, 2020.

¹⁰ Urban Institute, "[More than 19 million millennials in 31 US cities are ready to become homeowners](#)," Sept. 26, 2018.