

June 24, 2022

The Honorable Maxine Waters  
Chair  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

Dear Chair Waters:

We are writing to request that you invite Federal Housing Finance Agency (FHFA) Director Sandra L. Thompson to testify at the June 29<sup>th</sup>, Committee hearing entitled, “Boom and Bust: Inequality, Homeownership, and the Long-Term Impacts of the Hot Housing Market.”

As you know, the Committee has failed to hold a single oversight hearing with any of our housing finance regulators in nearly two years. Director Thompson, who was appointed as the Acting Director of the FHFA one year ago on June 23, 2021, and subsequently confirmed by the Senate to lead the agency this past May, has yet to testify before our Committee. This conspicuous absence is in strong contrast to the Committee’s previous practice. Prior to now, the Committee received testimony from the FHFA Director at least once a year since 2017. Failure to bring up Director Thompson is also in direct violation of Section 1103(e) of the Housing and Economic Recovery Act of 2008 (12 USC 4513(e)), which requires annual testimony before the Committee from the Director as a member of the Federal Housing Finance Oversight Board. This is a duty that cannot be delegated.

The Government-Sponsored Enterprises (GSEs) regulated by FHFA currently own or guarantee over \$7.5 trillion in mortgage debts – roughly half of the outstanding single-family mortgage debt in the United States. The GSEs also led the way in offering COVID-related loan forbearance to 8.1 million borrowers during the pandemic, game-changing flexibility for homeowners that would have been impossible had without a coordinated plan and effort. It is inconceivable to us that our Committee would have a conversation about the long-term impacts of the housing market without first hearing the Director’s plans to strengthen the safety and soundness of the GSEs in these turbulent times.

With 70 percent of U.S. economists predicting that the U.S. will officially fall into a recession this year or next,<sup>1</sup> the threats to the safety and soundness of our housing finance system are mounting.

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<sup>1</sup> <https://www.igmchicago.org/wp-content/uploads/2022/06/RESULTS-2022-06-06-Survey-05.pdf>

The inflation rate has reached 8.6 percent, its highest level since 1981, stretching household budgets thin as families struggle to afford the rising costs of gasoline, food, and other necessities. These price increases, driven by Washington Democrats' reckless fiscal policies, have created significant risk to the economy. As a result, the Federal Reserve has been forced to dramatically increase interest rates, which in turn are pushing mortgage rates to levels we have not seen in decades.

Make no mistake that higher mortgage rates combined with sinking household incomes will place a significant strain on our housing markets. These changes also threaten to further erode the hard work of former FHFA Director Mark Calabria to strengthen capital reserves at Fannie Mae and Freddie Mac to avoid another costly taxpayer bailout once again. That work was already compromised by Director Thompson's actions earlier this year to weaken those reserves, despite a 2020 unanimous vote by the Financial Stability Oversight Council (FSOC) that FHFA should ensure the GSEs be "*sufficiently capitalized to remain viable as going concerns during and after a severe economic downturn.*"<sup>2</sup> The safety and soundness of the GSEs is an essential component to the long-term health of our mortgage markets, which is precisely why the Committee needs to hear Director Thompson's plans for FHFA as the hot housing market rapidly cools over.

I urge you to invite Director Thompson to testify at the hearing later this month. Homeowners simply cannot afford to once again "roll the dice"<sup>3</sup> on the future of our housing finance system.

Respectfully yours,



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Patrick McHenry  
Ranking Member



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French Hill  
Ranking Member on the  
Subcommittee on Housing,  
Community Development and  
Insurance

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<sup>2</sup> <https://home.treasury.gov/news/press-releases/sm1136>

<sup>3</sup> <https://www.c-span.org/video/?c4631488/user-clip-barney-frank-focus-safety-soundness>