



March 15, 2010

## **An Open Letter to the United States House of Representatives: Support Honest Accounting of Fannie Mae and Freddie Mac!**

Dear Representative:

On behalf of the 362,000 members of the National Taxpayers Union, I write in strong support of H.R. 4653, the “Accurate Accounting of Fannie Mae and Freddie Mac Act.” Introduced by Representative Scott Garrett (R-NJ), this thoughtful legislation would finally do what all too many policymakers have studiously avoided for decades: reveal the fiscal footprint that housing giants Fannie Mae and Freddie Mac have made on the budget.

For years, Fannie and Freddie saved billions in borrowing costs each year by trading on one of Washington’s worst-kept secrets: the implicit taxpayer backing of their obligations. After the mortgage meltdown and bailout craze of the last 18 months, that backing finally became explicit when federal officials placed the entities into conservatorship. Since that time, American families and businesses both present and future have paid out nearly \$300 billion to keep the entities afloat, with many more billions to come. Not one penny of the cost associated with these subsidies has been reflected in the budgets prepared by the President’s Office of Management and Budget (OMB).

Hiding the losses associated with Fannie and Freddie in such a disingenuous manner betrays a fundamental disrespect for the hard-working taxpayers who now fund their existence. H.R. 4653 would help to change that by first compelling OMB to account for their losses in the President’s budget request, and then by subjecting their debt to the statutory debt limit.

These simple reforms, which amount to a change in the bookkeeping rules affecting Fannie and Freddie, would do much to increase transparency and honesty in budgeting for them. Part of what got Washington into this mess in the first place was establishing these companies as ostensibly private firms serving a public purpose, thereby allowing trillions of dollars in housing subsidies to be administered outside the federal budgeting process. Now that the house of cards has fallen, Congress must protect taxpayers from future losses.

I commend Representative Garrett for drafting this terrific legislation and urge all Members to support and co-sponsor it. **Any roll call votes on H.R. 4653, the “Accurate Accounting of Fannie Mae and Freddie Mac Act,” will be heavily weighted in our annual Rating of Congress.**

Sincerely,

Andrew Moylan  
Director of Government Affairs