

June 17, 2008

***Open letter to the U.S. Senate and House of Representatives***

As groups representing millions of taxpayers nationwide, we are writing to respectfully urge you to vote “no” on the Dodd-Frank mortgage housing bill, which may be considered by the full Senate later this month.

This legislation contains over \$500 million a year in new permanent, mandatory spending, and creates a new \$300 billion taxpayer loan guarantee liability that nearly doubles the size of the Federal Housing Administration (FHA).

First, the Dodd plan creates a new housing trust fund that will collect more than \$530 million a year through a new levy on Fannie Mae and Freddie Mac. The trust fund in turn makes these funds available to politically active community groups like ACORN outside of normal appropriations oversight.

Second, the Dodd plan creates a new \$300 billion facility that allows mortgage lenders to cherry-pick their worst performing loans and roll them into the FHA, creating new loans that shift 100 percent of the loan liability to the taxpayer.

We salute the efforts by Senator Richard Shelby to include GSE reform in this legislation, but we feel improved GSE oversight should stand on its own merit, and that the immediate new spending and taxpayer risks outweigh the benefits of this legislation.

In sum, the Dodd-Frank bill is the wrong answer to the housing crisis. It rewards the least prudent borrowers and their lenders and puts taxpayers on the hook for the riskiest loans. We urge your opposition.

Sincerely,



Matt Kibbe, President  
FreedomWorks



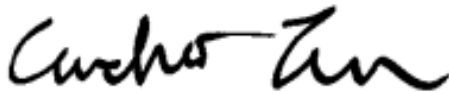
Duane Parde, President  
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Wayne Crews, Vice President for Policy  
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