



Phone: 202.783.3870
Fax: 202.942.7649

www.freedomworks.org

400 North Capitol Street, NW
Suite 765
Washington, DC 20001

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Tell Your Representative to Support the New Fair Deal Banking and Housing Stability Act

As one of our millions of FreedomWorks members nationwide, I urge you to contact your Representative today and urge him or her to support H.R. 3550, the “New Fair Deal Banking and Housing Stability Act of 2013,” and to co-sponsor the bill if he or she has not already done so.

This important bill would greatly reform many of the federal agencies and policies that were the main drivers of the 2008 financial crisis. A multitude of federal lending regulations and subsidies incentivized – and in some cases simply forced – banks to give out loans and mortgages to people who should never have qualified for them, implicitly backed by taxpayers. The resulting misallocation of capital directly led to the housing bubble that burst in 2008, harming millions of Americans, and sending the U.S. economy into a funk from which it has yet to recover.

With the federal government once again descending into practices that encourage bad lending and investment (to the extent that it ever stopped), it is more crucial than ever to roll back the government’s corrupting influence from the financial and housing sectors, and to allow market discipline to rule once more.

Congressman Amash’s bill accomplishes this goal by eliminating a number of the regulations that encourage banks to make risky loans, including the Community Reinvestment Act and several of the provisions within the Dodd-Frank Act. Then, crucially, the bill draws down the major “government-sponsored entities” (GSEs) at the center of the government’s loan market manipulations – Fannie Mae and Freddie Mac. These bankrupt GSEs would be rolled back and, after five years eliminated entirely, selling off their assets to cover their massive debts rather than relying upon taxpayer bailouts.

The bill would also close down (over five years) the Federal Housing Administration (FHA), the New Deal government agency that has been wreaking untold mischief in housing prices and mortgage loan rates for almost eighty years.

Finally, H.R. 3550 takes major steps to put a stop to bank bailouts. It repeals powers that were misused to do favors for financial institutions. It shifts more of the risk of failure from taxpayers to bank owners. And it reforms bankruptcy laws so that a credible, predictable process, free from political influence and the possibility of bailouts, can be applied to even the largest financial institutions.

I urge you to contact your representative today and urge him or her to support the New Fair Deal Banking and Housing Stability Act, H.R. 3550, in order to prevent a repeat of the disastrous financial collapse of 2008.

Sincerely,

A handwritten signature in blue ink, appearing to read "MK", is written on a light-colored, textured background.

Matt Kibbe
President and CEO,
FreedomWorks