



August 30, 2013

Phone: 202.783.3870
Fax: 202.942.7629

www.freedomworks.org

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

Dear FreedomWorks member,

As one of our millions of FreedomWorks members nationwide, I urge you to contact your Representative in Congress and tell them to support the Protecting American Taxpayers and Homeowners (PATH) Act, H.R. 2767. Introduced by Reps. Scott Garrett (R-NJ) and Jeb Hensarling (R-TX), the PATH Act is a major step towards freeing the housing and financial markets from the regulations and incentives that led to the financial meltdown of 2008.

The highlight of this bill is that it phases out the two “government-sponsored entities” (GSE’s) at the center of the housing crisis, Fannie Mae and Freddie Mac. Although technically private entities, Fannie and Freddie abused their implied taxpayer guarantee. Loans were made with government backing to people who never should have qualified for them, encouraging risky investments. Fannie and Freddie had to be bailed out to the tune of \$155 billion, tens of billions of which have yet to be repaid.

We are on a dangerous path. Today, the federal government backs or finances nearly nine out of ten residential mortgages. This is unsustainable and puts the government on the hook for trillions of dollars in credit risk. We must return mortgages to the private market to protect the US taxpayer from housing market fluctuations.

The PATH Act also restricts the Federal Housing Administration (FHA), although it could further rein in that agency’s easy lending guarantees. The government’s distortions of the housing markets created the market bubble that burst in spectacular fashion in 2008, and it would be better if lending and interest rates were left to the free market. Still, the PATH Act does at least increase the minimum down payments and lower the allowed size for government-backed loans.

The PATH Act is one of the first effective reverses of the financial policies that led our economy to the brink, and is tremendously better than other similar plans that have been put forward in Congress. Thus I urge you to contact your Member of Congress today and tell them to support H.R. 767, the PATH Act, and to co-sponsor the bill if they have not already done so.

Sincerely,

Matt Kibbe
President and CEO
FreedomWorks