

November 12, 2015

Representative Bill Shuster
Representative John Duncan, Jr
Representative Sam Graves
Representative Candice Miller
Representative Rick Crawford
Representative Lou Barletta
Representative Blake Farenthold
Representative Bob Gibbs
Representative Jeff Denham
Representative Reid Ribble
Representative Scott Perry
Representative Rob Woodall
Representative John Katko
Representative Brian Babin

Representative Cresent Hardy
Representative Garret Graves
Representative Peter DeFazio
Representative Eleanor Holmes Norton
Representative Jerrold Nadler
Representative Corrine Brown
Representative Eddie Bernice Johnson
Representative Elijah Cummings
Representative Rick Larsen
Representative Michael Capuano
Representative Grace Napolitano
Representative Daniel Lipinski
Representative Steve Cohen
Representative Albio Sires

Senator James Inhofe
Senator John Thune
Senator Orrin Hatch
Senator Lisa Murkowski
Senator Deb Fischer
Senator John Barrasso
Senator John Cornyn

Senator Barbara Boxer
Senator Sherrod Brown
Senator Bill Nelson
Senator Ron Wyden
Senator Richard Durbin
Senator Charles Schumer

Dear Conferee:

The undersigned organizations urge Senate and House conferees on H.R. 22, the DRIVE Act, to agree to the House position with respect to the use of the Federal Reserve's "surplus" account as an offset for funding contained in the transportation reauthorization bill. This provision was adopted by the House – as a floor amendment offered by Representatives Randy Neugebauer and Bill Huizenga – in an overwhelming and bipartisan 354 to 72 vote.

The Neugebauer-Huizenga amendment removed from H.R. 22 a harmful proposal to reduce the dividend paid on Federal Reserve stock that would have significant negative consequences on banks of all sizes across the country. Member banks of the Federal Reserve are required by law to purchase stock in regional Federal Reserve Banks. This stock may not be sold, transferred or even used as collateral, unlike virtually every other asset a bank holds. These funds represent "dead capital" for the financial institution. The dividend reflects the unique structure and constraints of this arrangement that is required by law, as this is money that otherwise would be used by banks for lending and to provide other services to customers. The Senate's version of the highway bill would arbitrarily reduce the dividend payment.

The Neugebauer-Huizenga amendment also removed from H.R. 22 an extension of higher Fannie Mae and Freddie Mac guarantee fees. The purpose of these fees is to prospectively guard against credit losses at Fannie Mae and Freddie Mac. G-fees should only be used to protect taxpayers from mortgage losses, not to fund unrelated spending. Each time g-fees are extended, increased and diverted for unrelated spending, homeowners are charged more for their mortgages and taxpayers are exposed to additional risk for the long-term. The g-fee increase was originally included in the Senate highway bill as a funding offset, but the Congressional Budget Office has scored the House bill as being budget neutral without this

provision. It should be removed to ensure that potential homebuyers are not kept on the sidelines by raising the cost to purchase or refinance a home.

To ensure it is fully offset, the Neugebauer-Huizenga amendment uses the Federal Reserve's surplus account of accumulated retained earnings after paying operating expenses and dividends. As a result of recent changes in the way the Federal Reserve operates, these retained earnings are no longer necessary.

We urge the conferees to accept the House position, and draw funds from the Federal Reserve's surplus – rather than the stock dividend and g-fees – to pay for the extension of the Highway Trust Fund.

America's Homeowner Alliance

American Escrow Association

American Bankers Association

American Land Title Association

The Clearing House

Community Home Lenders Association

Community Mortgage Lenders of America

Consumer Bankers Association

Consumer Mortgage Coalition

Credit Union National Association

The Financial Services Forum

Financial Services Roundtable

Habitat for Humanity International

Homeownership Preservation Foundation

Independent Community Bankers of America

Leading Builders of America

Mid-size Bank Coalition of America

Mortgage Bankers Association

National Association of Hispanic Real Estate Professionals

National Association of Home Builders

National Association of Real Estate Brokers

National Association of REALTORS®

Real Estate Services Providers Council, Inc.

The Realty Alliance

Securities Industry and Financial Markets Association

U.S. Chamber of Commerce

U.S. Mortgage Insurers