

**Congress of the United States**  
**Washington, DC 20515**

July 18, 2025

William Pulte  
Director  
Federal Housing Finance Agency  
Constitution Center  
400 7th Street, SW  
Washington, D.C. 20219

Dear Director Pulte,

Congratulations on your new role as Director of the Federal Housing Finance Agency (FHFA). We appreciated your clear support for credit risk transfer (CRT) programs at Fannie Mae and Freddie Mac during your recent testimony before the Senate Banking Committee. Your identification of CRT as “very important” and your commitment to continued work on it signal a step in the right direction for taxpayers and the broader housing finance system.

As we work to strengthen and modernize our housing finance framework, it is critical that the Enterprises operate on a foundation of financial discipline and stability. That means reducing taxpayer exposure, encouraging market oversight and maintaining affordable mortgage access for families across the country.

CRT can provide a valuable risk management tool that supports Enterprise safety and soundness through economic cycles. Since 2013, FHFA has required and incentivized CRT use, resulting in new private-sector approaches to risk analysis, price discovery and market discipline that would not have otherwise been achieved. Enterprise CRT programs use two distinct markets to transfer risk to private capital, with both investors and reinsurers underwriting and pricing Enterprise credit risk. Overall, between 2013 and 2023, the Enterprises transferred \$210 billion of risk on approximately \$6.7 trillion of single-family mortgage unpaid principal balance, according to FHFA.

FHFA’s CRT program marked a critical shift from the pre-financial crisis model, where excessive mortgage risk was concentrated in highly leveraged Enterprises with little transparency or incentive to limit risk. CRT distributes risk across a broad base of private investors and reinsurers who, with real financial stakes, are incentivized to monitor Enterprise risk-taking and react appropriately when risks increase. This creates a pricing feedback loop that helps the Enterprises accurately price risk, reducing the likelihood of housing bubbles and the serious consequences that follow.

Housing affordability and system stability are top priorities for Americans today. De-concentrating mortgage credit risk away from the government to willing private sector participants through CRT can promote both of those goals. CRT has and continues to hold great potential in helping to right-size the role the Enterprises play in our housing finance system. By strengthening and improving how Fannie Mae and Freddie Mac use CRT we can advance a market-driven approach to housing finance reform—

broadening mortgage access, reinforcing market stability, and protecting taxpayers from lending risks.

President Trump has directed federal agencies to lower housing costs and expand supply—goals that align directly with an improved Enterprise CRT program. As you chart FHFA's course, we encourage you to support policies that leverage private capital and market discipline to promote safety, soundness, and liquidity through all economic cycles.

We appreciate your attention to this critical issue and look forward to working with you to keep CRT a cornerstone of a strong, stable, and private capital-supported housing finance system.

Sincerely,

A handwritten signature in blue ink, reading "M. Michael Rounds", positioned above a horizontal line.

M. Michael Rounds  
United States Senator  
Chairman of the Securities, Insurance and  
Investment Subcommittee of the  
Senate Banking Committee

A handwritten signature in blue ink, reading "Mike Flood", positioned above a horizontal line.

Mike Flood  
Member of Congress  
Chairman of the Housing and Insurance  
Subcommittee of the House Financial  
Services Committee