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July 27, 2017

The Honorable Elizabeth Warren
United States Senate
Hart Senate Office Building, Room 317
Washington, DC 20510

The Honorable Edward Markey
United States Senate
255 Dirksen Senate Office Building
Washington, DC 20510

Re: Support for The Consumer Financial Choice and Capital Markets Protection Act of 2017 (S. 1117)

Dear Senator Warren and Senator Markey:

On behalf of MassHousing, I am writing to express our strong support for S.1117, *The Consumer Financial Choice and Capital Markets Protection Act of 2017*, and urge you to support this critical legislation. The Securities and Exchange Commission's (SEC) new regulation regarding municipal money market funds (MMFs), which changed the underlying net asset value (NAV) for MMMFs from a fixed, \$1 per share sum, to a "floating" NAV, is having serious negative consequences for municipal bond issuers like MassHousing.

As a self-supporting not-for-profit public agency, MassHousing has provided more than \$18.5 billion in financing for homebuyers and homeowners, and for developers and owners of affordable rental housing. In recent years, MassHousing has also supported the Commonwealth of Massachusetts by contributing funds to offset budget cuts to state housing programs. These projects, which helped low-to-middle income families afford traditional mortgages through the recent financial crisis, are financed largely through the issuance of municipal bonds, which are often purchased by institutional investors through MMFs because they represent a stable and reliable investment.

By changing the underlying NAV for MMFs from a fixed, \$1 per share sum, to a "floating" NAV, the SEC has made these bonds less attractive to investors, particularly when measured against U.S. government bonds, which are exempt from this provision. The new rule has prompted a number of major financial institutions to announce the liquidation of municipal MMFs, including many that have Massachusetts holdings. Additionally, it has limited MassHousing's options for safe and highly liquid investments which it has relied upon to manage cashflows and invest bond related funds.

S. 1117 will restore the stable \$1 per share valuation for municipal bonds, protecting the borrowing ability of MassHousing and other municipal bond issuers across the Commonwealth, while leaving the SEC's other safeguards in place. We urge you to support this legislation.

Thank you in advance for your consideration. If you have any questions, or would like to discuss the matter further, please feel free to contact me directly.

Sincerely,

Timothy C. Sullivan
Executive Director