August 29, 2016

Federal Housing Finance Agency

Office of Strategic Initiatives

400 7th Street, S.W.

Washington, DC 20024

**Re:** **Implementation of the Single Security and the Common Securitization Platform**

To Whom It May Concern:

FHFA has requested public input on its ***Update on Implementation of the Single Security and the Common Securitization Platform***. The FHFA has made significant progress on the Single Security and the Common Securitization Platform (SS/CSP). In doing so, FHFA has proceeded apace on the technical goals set forth in both the ***2014 Strategic Plan for the Conservatorships of Fannie Mae and Freddie Mac*** and the ***2016 Conservatorship Scorecard for Fannie Mae, Freddie Mac, and Common Securitization Solutions***.

Congress’ failure to act on housing finance reform has left it to FHFA to determine the future of the residential mortgage market for the foreseeable future. It is therefore incumbent upon FHFA policymakers to provide further context on how the SS/CSP will operate when fully implemented in 2018.

Thus, FHFA should provide further updates that provide (1) scenarios of how the secondary market may look in 2018 and beyond; and (2) it should also evaluate how SS/CSP would be integrated with the major reform plans that have been proposed by lawmakers and policy analysts, in case Congress were to adopt one of them.

1. FHFA should model how SS/CSP might impact market share of various mortgage originators such as large and small financial institutions as well as how it might impact the credit box for residential borrowers.
2. FHFA should consider how SS/CSP would work with theCorker/Warner [bill](http://www.corker.senate.gov/public/_cache/files/f6951d82-1a9c-40d2-9291-dcdd5c153cbe/06-25-13%20GSE%20reform%20Summary.pdf); the Parrott et al. [proposal](#https://www.economy.com/mark-zandi/documents/2016-03-22-A-More-Promising-Road-To-GSE-Reform.pdf); the Bright & DeMarco [proposal](http://assets1c.milkeninstitute.org/assets/Publication/Viewpoint/PDF/Why-Housing-Finance-Reform-Still-Matters4.pdf), among others. FHFA should explain how SS/CSP path dependency might impact each of these proposals. In particular, it should evaluate transition costs that are likely to arise with each option.

FHFA has approached SS/CSP as a technical challenge. But when implemented, SS/CSP may be setting up a housing finance system that lasts for decades. While Congress has failed to act, FHFA must do its best to evaluate how SS/CSP will affect the housing finance ecosystem. The stakes for market actors and homeowners are too high not to.

Sincerely,

 

David Reiss