From:	Ian Ashton
To:	#FHFA REG-COMMENTS
Subject:	[EXT] Proposed Enterprise New Product; Comment Request 'Freddie Mac Single-Family Closed-End Second Mortgages,' (No. 2024-N-5),
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I manage a team of retail mortgage originators in rural Northern Michigan, with our sole focus being relationship based lending in the communities we serve.

I support this proposal, but also think it is important to note that this is solving a problem that the FHFA has had a large part in creating, as a major part of the issue facing consumers in the Cash-Out space is the GSE LLPAs placed on those transactions.

With the very tight spread and lack of premium pricing in the MBS market, adding an additional 2 to 5 points in origination cost to the base pricing of the loan makes nearly every transaction unable to pass High Cost Test and/or HPML requirements, leaving consumers that need the it most unable to proceed.

While securitizing 2nd liens will help, it also places the GSEs at a greater risk, since there is almost no recourse on a defaulted second lien, as long as the first lien is performing. I would guess that the risk based pricing applied to these 2nd liens would be astronomical, since the bulk of borrowers needing to access equity in their homes are also those at the lower end of the credit spectrum.

Restructuring the Cash-Out LLPA matrix would remove a ton of the added expense from those transactions, while still protecting the GSEs primary lien position, and could be done in very short order, as compared to the current proposal which will likely take years to implement, if at all.

Respectfully,

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