

From: [Lydia Smith](#)
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Subject: [EXT] Freddie Mac Purchase of Certain Single Family Closed End Second Mortgages | Rasing Income Threshold
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Good Morning FHFA.

The article by Michael Tucker from mba.org regarding Freddie Mac's purchases of 2nd mortgages left me with some key questions unanswered. Specifically, the article lacked details about the program's parameters, including:

- **Maximum combined loan-to-value ratio (LTV):** This ratio determines the maximum amount a borrower can borrow against their home's value. A clear understanding of this limit is crucial.
- **Debt-to-income ratio (DTI) limit:** Will the existing 50% DTI limit hold true for this program? DTI measures debt obligations against income, and knowing the limit is essential for borrower qualification.
- **Tangible borrower benefits:** The borrowers can access home equity through other lenders and when they sale or refinance their homes, the 1st and 2nd mortgage is paid off anyway. What distinct advantages does Freddie Mac's purchase of single-family closed-end second mortgage offer borrowers and lenders compared to existing options?

Without a clearer picture of these aspects, it's difficult to grasp the program's full impact on borrowers and lenders.

Let's prioritize raising the income threshold, as Director Thompson suggested, to make homeownership more attainable for borrowers in Black and Brown communities. This aligns with both Fannie Mae's and Freddie Mac's goals of addressing the racial gap in homeownership. While Freddie Mac's program for utilizing home equity is valuable, focusing on programs that directly increase homeownership rates for underserved communities should be our main priority.

Have a Great Day!

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