

**RE: Notice 2024-N-5: Freddie Mac Proposed Purchase of Single-Family Closed-End Second Mortgages  
Comment Request, 04/16/2024**

***Request for Comments, Question #9: 9. Are there any other factors that the Director should take into consideration concerning the proposed new product?***

Yes, there are many other factors that the Director should take into consideration.

“The proposed activity is intended to provide homeowners with a cost-effective alternative for accessing the equity in their homes,” said FHFA Director Sandra L. Thompson.

The mission of the regulated agencies should be to provide a source of sustainable housing finance, not to aggravate the indebtedness of persons living beyond their means. In any case, the mission should be strictly limited to housing finance. Home equity loans are not required for home purchases, and they should not be a part of a regulated agency's operations.

Effects on inflation and the likelihood of increased default rates also need to be considered before encouraging mortgage-carrying home buyers to take on even greater debt loads. There appears to be no attempt to consider these or any other potential adverse effects of the proposal; no suggestion of such negative impacts is given in the "Supplementary Information" provided with the request for comments.

For an agency that routinely works with risk assessments, there seems to be very little assessment of risk pertaining to this proposed activity. The risks are significant and many of them are outside of the apparently isolated domain of the FHFA and its charges. The events of 2008 seem to have been forgotten by the administrator.

The proposed activity is bad policy in many respects, and it should be denied with prejudice. Encouragement and facilitation of non-essential (and home-threatening) consumer debt is not in the public interest.

Side note: Given the volatility of the housing market, the proposed Maximum Total Loan-to-Value (TLTV) ratio of 80% (Manufactured Home: 65%) is excessive and unwarranted.

Thank you for your time.

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**Selected Comments regarding Meredith Whitney's piece for The Financial Times, as reported by Filip De Mott for Business Insider: "The US could give homeowners a \$980 billion stimulus at no additional cost, 'Oracle of Wall Street' says"**

11 hours ago

I do not think we should jump in to the tune of \$1 trillion into the kinds of things that caused the Great Recession in 2008. People have all kinds of debt but mostly not second mortgages because they can't get one. Hard for me not to think that is a good thing.

3 hours ago

While the payments by the government during the Covid pandemic prevented a financial collapse in the economy, putting more money into it now with inflation as high as it is does not seem to be a good idea to me.

3 hours ago

The government backstopping the most risky loans has been done before. How does this not end up like a student loan giveaway at the expense of taxpayers?

12 hours ago

Treating your house like an ATM. I've seen this movie before and it didn't end well.

11 hours ago

That they are talking up stimulative effect of such loans makes me suspicious this is about election and financial manipulation of public. First of all, wouldn't more stimulation work to increase inflation even higher and make it last longer, not reduce it and take it back down to 2% as we all want?

11 hours ago

Sounds like a great idea...Im all for it....with just one caveat, NO BAILOUTS when it goes bad, NO rent/mortgage moratoriums when it goes bad and no sympathy for deadbeats when it goes bad.

1 hour ago

It's a horrible idea for the very reason you highlight. When student loan programs were created politicians promised what you suggest. When first mortgage programs were created politicians promised what you suggest.

Statutes can be changed, there is no forever. Thus there is no way to prevent what you suggest so you must assume the worst can happen.

1 hour ago

This is just another method to get homeowners into more debt. The fact that it is government sponsored should tell people that it is NOT free. The government is us. Nothing like throwing gas on a fire. This is very irresponsible.

33 minutes ago

With a house on the line as collateral too.

5 hours ago

Allow homeowners to completely drain home equity from their homes at current peak prices. \$2T of additional home equity loans + \$2T of student loans + \$1T of credit card debt + \$1.6T car loans. What could go wrong? I guess we already forgot 2008 to 2012. Repossess and foreclose America....

12 hours ago

So Whitney thinks it would be a good thing for the economy if home owners to took on more debt.

Brilliant.....

1 hour ago

Giving me an inducement to go into debt? or An attempt to drive down housing prices through default.

At least if it causes a housing recession it should lower my taxes and insurance. It won't, but it should.

1 hour ago

*"The US could give homeowners a \$980 billion stimulus at no additional cost, 'Oracle of Wall Street' says"*

Author needs to look up the definition of the word "give" and then replace it with the word "lend" in the headline.

Just what we need - more lending, more debt, more defaults and more foreclosures.

42 minutes ago

I agree. NOWHERE did I see any money being GIVEN. It was all BORROW off your home equity, increasing debt and as retirement funds run out, more foreclosures.

10 hours ago

As ideas go, this is a really bad one.

11 hours ago

A disaster waiting to happen. I guess they don't think we have enough foreclosures happening now.

1 hour ago

Say what??? Help people to avoid debt by extending multi-year loans to them? Then what, waiting for loan defaults so multiple sharks can line up to fight over the foreclosure scraps? I guess then they'll throw in derivatives so other snakes can bet on the secondary loans failing! It could be a trillion dollar financial WMD!

1 hour ago

Just another way for Freddy to go bankrupt. Then the too big to fail. Guess who is stuck to cover this mess.

1 hour ago

Would YOU buy a package bond based on second mortgages?

30 minutes ago

I've seen a lot of bad advice these days, and this is some of it. Do not put your house at risk over a small loan. The other is borrowing against your 401k. Neither is a good idea.

3 hours ago

That's one way to get people out of their home. Let them spend it until they have to sell.

1 hour ago

Stimulus and debt are apparently synonyms in Whitney's view, taking a cue from the U.S. Congress. U.S. taxpayers are already on the hook for trillions of \$ in stimulus to the economy (helping bring about inflation). Re: "purchasing second mortgages and package them into bonds", we've seen this movie before, it was the subprime mortgage crisis that included both "NINJA" and "liar" loans. What could possibly go wrong?

53 minutes ago

The Government "Please borrow against your home when interest rates are high"

5 hours ago

Keep digging! Get deeper and deeper in debt.

2 hours ago

This scheme will eventually only help the investors buying homes under stress. Follow the money, see what votes it buys. Where is Nancy Pelosi??

3 hours ago

"If greenlighted, the scheme..."

Scheming, indeed.

2 hours ago

At 9% interest right now, HELs bury the homeowner.

29 minutes ago

aaaaa....more borrowing