

May 22, 2024

Federal Housing Finance Agency

Attn: Eric Bryant, Policy Analyst, Division of Housing, Mission and Goals

400 7th Street SW

Washington, DC 20219

Re: Proposed Enterprise New Product; Comment Request Freddie Mac Single-Family Closed-End Second Mortgages

Dear Mr. Bryant,

The undersigned organizations appreciate the opportunity to offer this response to your request for input (RFI) on Freddie Mac's Proposed Purchase of Single-Family Closed-End Second Mortgages.

All co-signing organizations are members of the Underserved Mortgage Markets Coalition (UMMC), but this letter is only on behalf of the undersigned organizations and has not been endorsed by all members of the UMMC.

The UMMC works with FHFA and the Enterprises to adjust their underwriting practices to better reach underserved markets in a safe, sustainable manner. The UMMC works primarily through FHFA's two mission-driven strategic planning requirements, the Duty to Serve and Equitable Housing Finance planning processes.

We applaud Freddie Mac for taking steps to expand options for homebuyers to monetize home equity more easily in the current market. The current higher interest rates make it more difficult to borrow against traditional financing options and we think that providing easier ways to access home equity, such as single-family closed-end second mortgages are a proactive measure for homeowners to obtain funds without incurring increasing interest expenses. By monetizing home equity, homeowners could potentially pay off or refinance high-interest debt, reducing their exposure to interest rate fluctuation. Additionally, the product structure appropriately protects the Enterprises and Mortgage-Backed Security investors, ensuring the overall stability and integrity of the housing finance system.

The proposed product is a strong response to the challenges faced by homebuyers in underserved markets and underscores Freddie Mac's commitment to promoting equitable access to homeownership opportunities. Lower-income borrowers, in particular, stand to benefit significantly from this initiative, as they are often disproportionately affected by fluctuations in interest rates and may struggle to secure favorable financing terms.

We also commend FHFA and Freddie Mac for utilizing the new product process, which we hope to see used more frequently in the future for developing more mission-forward products, such as

home energy retrofits, and within Duty to Serve (DTS) and the Equitable Housing Finance (EHF) processes. This product could help traditionally hard-to-reach markets and should count toward Freddie's mission obligations.

We remain concerned about the Enterprises acting as a vehicle for financialization of products that benefit equity investors, rather than homeowners. We encourage both GSEs to use their market power to create safer products that will expand home purchasing opportunities to individuals not traditionally served in the mortgage market.

Thank you for considering our comments. If you have questions about our comments, please contact Daniel Janzow (djanzow@lincolninst.edu).

Respectfully,

American Council for an Energy-Efficient Economy

cdcb

Enterprise Community Partners

Fahe

Habitat for Humanity International

Housing Assistance Council

Institute for Market Transformation (IMT)

Lincoln Institute of Land Policy

National Community Stabilization Trust (NCST)

New Hampshire Community Loan Fund

Next Step Network

RMI

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