

**From:** [James James Denson](#)  
**To:** [#FHFA REG-COMMENTS](#)  
**Subject:** [EXT] Opposition to Freddie Mac's Closed-End Second Mortgages Proposal: Concerns Regarding Public Interest and Financial Safety  
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May 22, 2024 @ 11:50am

Opposition to Freddie Mac's Closed-End Second Mortgages Proposal: Concerns Regarding Public Interest and Financial Safety

Dear FHFA,

I am writing to voice my strong opposition to Freddie Mac's proposal to purchase closed-end second mortgages. This policy fails to expand homeownership, maintains static housing stock, does not create local jobs, and introduces significant economic risks. The proposal ultimately benefits banks at the expense of taxpayers and the broader economy, repeating the mistakes that led to the 2008 financial crisis.

Here are the key reasons why this proposal should be rejected:

**Failure to Expand Homeownership:** This policy does nothing to increase the rate of homeownership. Instead, it allows existing homeowners to tap into their equity, which does not address the needs of potential first-time buyers or those struggling to enter the housing market.

**Static Housing Stock:** By making it easier for current homeowners to access equity, this proposal discourages them from selling their homes, thereby keeping the housing stock static. This exacerbates the current shortage of available homes and drives up prices, making it even more difficult for new buyers to enter the market.

**Burden on GSEs:** Freddie Mac and Fannie Mae lack sufficient capital to back new loans, making them vulnerable to financial instability. Increasing their exposure to riskier second mortgages without adequate capital reserves is reckless and endangers the entire mortgage finance system.

**Unjust Enrichment of Banks:** The primary beneficiaries of this proposal would be large banks, which would profit from originating and selling these second mortgages with no investment and no risk. This repeats the irresponsible practices that contributed to the 2008 financial crisis, where banks engaged in risky lending because they were insulated from the consequences.

Freddie Mac's proposal does not align with the goals of expanding homeownership, stabilizing the housing market, or promoting economic growth. Instead, it introduces significant risks that could lead to financial instability and economic hardship for many Americans. We must prioritize policies that promote sustainable homeownership, support local economies, and ensure the long-term stability of the housing market.

For these reasons, I urge the FHFA to reject Freddie Mac's proposal to purchase closed-end second mortgages.

Sincerely,  
James James Denson  
116 E. Bacon St.,  
Plainville, MA 02762  
DensonJ@outlook.com  
508-922-5562