

**From:** [John Ray](#)  
**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 21, 2024 @ 04:00pm

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

Dear FHFA,

I am writing to express my strong opposition to Freddie Mac's proposal to purchase closed-end second mortgages. This policy carries significant risks for the economy, inflation, credit stability, and housing prices. Subsidizing equity-reducing products not only presents a moral hazard but also imposes undue burdens on taxpayers. It is socially irresponsible to pursue relief for minor economic discomforts through such risky measures.

**Increased Credit Risk:** Subsidizing second mortgages would encourage riskier lending practices. Homeowners might over-leverage themselves, converting equity into debt and increasing the likelihood of defaults, especially during economic downturns. This poses a significant risk to financial stability.

**Moral Hazard and Taxpayer Burden:** Subsidizing equity-reducing products creates a moral hazard by encouraging reckless financial behavior. When these risky loans default, taxpayers will inevitably bear the cost. This is unfair and unsustainable, particularly given the significant national debt and existing economic challenges.

Promoting the use of homes as ATMs without needs-based eligibility is irresponsible. Policies should prioritize sustainable homeownership and financial stability, rather than offering short-term relief that leads to long-term economic problems. Home equity should be preserved as a buffer for financial emergencies, not depleted for discretionary spending.

Continuously pursuing relief for minor economic discomforts through such measures undermines the long-term health of the economy. We must focus on policies that support responsible lending practices, financial education, and sustainable economic growth.

For these reasons, I urge the FHFA to reject Freddie Mac's proposal to purchase closed-end second mortgages. We must prioritize the financial stability of homeowners and the broader economy over short-term stimulatory gains that carry significant risks.

Sincerely,  
Mr. John Ray  
3723 Mesa Lane ,  
Bloomington, IN 47401  
[johndray@aol.com](mailto:johndray@aol.com)

812-824-1279