

**From:** [Todd Steinau](#)  
**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 concerns regarding Freddie Mac's proposal to purchase closed-end second mortgages. This policy not only poses significant risks to the housing market but also undermines the role of local and community banks in providing essential financial services.

Consumers currently have access to home equity products through local and community banks, which have continued to offer these products even as some larger banks have scaled back. These local institutions play a crucial role in our financial system, supporting small businesses and fostering economic growth within their communities.

Local and community banks tend to engage in more conservative lending practices, which promote financial stability. Unlike national banks that may engage in risky financial activities, local banks prioritize the financial health of their customers and communities.

National banks, which have been deemed "too big to fail," have historically received taxpayer bailouts when their risky business decisions backfire. By contrast, local and community banks operate on a smaller scale and are less likely to require such bailouts. Allowing capitalism and free markets to drive financial decisions ensures that banks are held accountable for their actions, reducing the need for taxpayer intervention.

Freddie Mac's proposal to purchase closed-end second mortgages would likely result in greater consolidation within the banking industry, as smaller banks struggle to compete with the enhanced capabilities of larger institutions. This consolidation could reduce the availability of financial services in many communities and undermine the stability of the financial system.

Local and community banks should not be disadvantaged by policies that favor larger national institutions. Instead, we should support the diverse banking ecosystem that provides consumers with choices and promotes economic resilience.

For these reasons, I urge the FHFA to reject Freddie Mac's proposal to purchase closed-end second mortgages. Let us prioritize policies that support local and community banks, promote financial stability, and uphold the principles of free-market capitalism.

Sincerely,  
Mr. Todd Steinau

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