

From: [Randy Howland](#)
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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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 has significant potential to increase borrower debt, thereby elevating the risk of homeowners finding themselves underwater if the housing market experiences a downturn.

Second mortgages convert home equity into debt, which can have serious long-term consequences for borrowers. By allowing Freddie Mac to acquire these second mortgages, we are setting the stage for several negative outcomes:

Increased Financial Risk for Homeowners: Second mortgages increase the total debt burden on homeowners by converting the equity they have built in their homes into additional liabilities. This reduces the financial cushion that homeowners have in times of economic distress, making it more difficult for them to weather downturns in the housing market.

Higher Likelihood of Being Underwater: In the event of a market downturn, homeowners with second mortgages are more likely to owe more on their homes than the properties are worth. This situation, known as being "underwater," can lead to higher default rates and financial instability for both the homeowners and the broader housing market.

Negative Impact on Housing Stability: When homeowners are underwater, they are more likely to walk away from their mortgages, leading to increased foreclosures and destabilizing neighborhoods. This can have a ripple effect, reducing property values and harming community cohesion.

Counterproductive to Housing Affordability Goals: By increasing the debt burden on existing homeowners, this policy does nothing to address the underlying issues of housing affordability. Instead, it may exacerbate the problem by making it harder for first-time buyers to enter the market, as existing homeowners are less likely to sell their homes.

Freddie Mac's proposal to purchase closed-end second mortgages also contradicts the lessons we should have learned from the Great Financial Crisis of 2008. Encouraging homeowners to take on additional debt against their homes contributed significantly to the crisis, leading to widespread defaults and economic turmoil. We must not repeat the mistakes of the past.

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

second mortgages. Let us prioritize the financial health and stability of homeowners and the housing market as a whole.

Sincerely,
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