



MBA Talking Points on GSEs

- Fannie Mae and Freddie Mac must continue to play a critical role in ensuring a steady supply of low-cost housing finance funds are available to help consumers access affordable mortgage credit, and provide Americans the opportunity for homeownership and affordable rental housing.
- Fannie Mae and Freddie Mac's most important role is to support liquidity in the housing finance system. As we map the future of the two companies, we must not lose sight of this crucial function and the value of mortgage backed securities.
- The most important thing right now is that the housing finance system continues to operate without disruption. A major component of that is assuring current and future holders and purchasers of MBS and GSE debt of the security and priority of their investments.
- We applaud Treasury, the Federal Housing Finance Agency(FHFA) and the Federal Reserve for their collaborative effort on these very complicated issues in order to calm the markets and strengthen the real estate finance system during these turbulent times.
- The perceived "safety net" is crucial to restoring confidence in the real estate finance system. This action will help encourage others to purchase GSE debt and MBS, which will increase liquidity in the mortgage market and should help lower rates for consumers.
- We would strongly encourage the new leadership at Fannie Mae and Freddie Mac to examine the companies' fee structures. Lowering those fees, consistent with the companies' fiduciary responsibility, will have real benefits for consumers in the form of lower mortgage rates.
- This action is not a direct antidote for the current foreclosure situation. In certain markets there remains an oversupply of homes. However, a smoother operating mortgage market, with lower interest rates and fees, will help provide new refinancing opportunities for some borrowers who may be facing a rate reset.
- Lower rates and fees and more market confidence should also bring home buyers back to the market, helping address the demand side of the supply/demand imbalance.
- The "time out", as Secretary Paulson called it, will provide great opportunity to "get it right." As the debate unfolds, MBA would encourage Treasury and FHFA to bring together other important stakeholders for a discussion that extends beyond the current GSEs and looks at the future shape of the secondary mortgage market.

- It is now more important than ever that the Federal Home Loan Banks (FHLBs) continue to play their crucial role of purchasing and securitizing mortgages originated or purchased by their members' banks in order to ensure liquidity during the current market turmoil.
- MBA officials have been speaking regularly with Congress, the Administration, and other decision makers, as well as the news media, to help ensure those important audiences have the real-time market information they need to make sound, reasonable decisions going forward.
- We are working with Treasury, FHFA and new leadership at Fannie and Freddie to make sure the conservatorship enhances operation of the mortgage market.

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