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# FEDERAL HOUSING FINANCE AGENCY



## STATEMENT

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### **Statement from FHFA Acting Director Edward J. DeMarco on the Administration's Housing Finance Reform Report**

"I am pleased that the Administration today put forward a framework to strengthen the nation's housing finance system, restore the critical role of private capital, and identify options for the long-term structure of housing finance.

The conservatorships of Fannie Mae and Freddie Mac, with funding from the Treasury Department, were put in place to provide near-term stability to the mortgage market and to give policymakers an opportunity to evaluate the role of the government in housing finance. Currently, the Federal government is providing support for over 90 percent of new mortgage originations, a level of involvement that should not be maintained.

As debate over the future of the housing finance system progresses, FHFA will continue to meet the goals of the conservatorships, which include retaining value in the Enterprises' business operations and maintaining their support for the housing market. Since the conservatorships were established, the Enterprises have strengthened their underwriting standards and enhanced their loss mitigation tools. The work of FHFA is consistent with the Administration's focus on stronger underwriting and pricing, and the re-introduction of private capital.

Certain elements of the Administration's framework involve preparing the Enterprises, the Federal Home Loan Banks, and other market participants for the transition to a future structure for housing finance. We will consider and discuss with the Administration the details of the framework announced today, consistent with our responsibilities as conservator and regulator. FHFA also will continue to take other steps to strengthen the mortgage market of the future. For example, we have already initiated programs to standardize mortgage data submissions and consider servicing compensation reforms.

FHFA looks forward to working with the Administration and Congress to restore the functioning of private markets and preserve the stability and liquidity of the secondary mortgage market."

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*The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.9 trillion in funding for the U.S. mortgage markets and financial institutions.*