



Press Release

The Freddie Mac Second Mortgage Proposal

PAULINA ENCK | MAY 16, 2024

Freddie Mac recently sought approval from the Federal Housing Finance Agency (FHFA) to begin purchasing and guaranteeing closed-end home equity loans for borrowers where the government-sponsored enterprise already owns the first mortgage. In a new insight, AAF President Douglas Holtz-Eakin considers the many problems of Freddie Mac's proposal and argues the FHFA should reject it.

Holtz-Eakin concludes:

The proposed new product would be inconsistent with the mission of Freddie Mac, replicate services available in the private sector, risk exacerbating inflation pressures, will increase inequality, and will worsen the credit risks in private sector lending. The FHFA should deny the requested approval.

[*Read the analysis*](#)