

U.S. DEPARTMENT OF THE TREASURY

Press Center



Obama Administration Seeks Public Input on Reform of the Housing Finance System

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WASHINGTON - The Obama Administration today released questions for public comment on the future of the housing finance system, including Fannie Mae and Freddie Mac, and the overall role of the federal government in housing policy. The questions have been designed to generate input from a wide variety of constituents, including market participants, industry groups, academic experts, and consumer and community organizations. The questions will also be published in a Federal Register notice requesting public comments, and information on the process for submitting comments will be included in that notice.

"A well-functioning housing finance system is critical to the long term stability of the housing market," said Treasury Secretary Tim Geithner. "Hearing from a wide variety of perspectives as we embark on this process is an important part of establishing a more stable and sound housing finance system for the American people."

"This open process will help shape the future of our housing finance system," said U.S. Housing and Urban Development (HUD) Secretary Shaun Donovan "The Obama administration is committed to engaging the public as we consider proposals for reforming the housing finance system in the context of our broader housing policy goals, and the best steps to get from where we are today to a stronger housing finance system."

The Obama Administration will seek input in two ways. First, the public will have the opportunity to submit written responses to the questions published in the Federal Register online at www.regulations.gov. Second, the Administration intends to hold a series of public forums across the country on housing finance reform. Together these opportunities for input will give the public the chance to deepen the federal government's understanding of the issues and to shape the policy response going forward.

This effort is both in keeping with this Administration's commitment to openness and transparency and the President's Open Government Initiative. This initiative represents a major change in the way federal agencies interact with the public by making agency operations and data more transparent and creating new ways for citizens to have an active voice in their government.

Questions for Public Solicitation of Input:

1. How should federal housing finance objectives be prioritized in the context of the broader objectives of housing policy?

- *Commentary could address: policy for sustainable homeownership; rental policy; balancing rental and ownership; how to account for regional differences; and affordability goals.*

2. What role should the federal government play in supporting a stable, well-functioning housing finance system and what risks, if any, should the federal government bear in meeting its housing finance objectives?

- *Commentary could address: level of government involvement and type of support provided; role of government agencies; role of private vs. public capital; role of any explicit government guarantees; role of direct subsidies and other fiscal support and mechanisms to convey such support; monitoring and management of risks including how to balance the retention and distribution of risk; incentives to encourage appropriate alignment of risk bearing in the private sector; mechanisms for dealing with episodes of market stress; and how to promote market discipline.*

3. Should the government approach differ across different segments of the market, and if so, how?

- *Commentary could address: differentiation of approach based on mortgage size or other characteristics; rationale for integration or separation of functions related to the single-family and multi-family market; whether there should be an emphasis on supporting the production of subsidized multifamily housing; differentiation in mechanism to convey subsidies, if any.*

4. How should the current organization of the housing finance system be improved?

- *Commentary could address: what aspects should be preserved, changed, eliminated or added; regulatory considerations; optimal general organizational design and market structure; capital market functions; sources of funding; mortgage origination, distribution and servicing; the role of the existing government-sponsored enterprises; and the challenges of transitioning from the current system to a desired future system.*

5. How should the housing finance system support sound market practices?

- *Commentary could address underwriting standards; how best to balance risk and access; and extent to which housing finance systems that reference certain standards and mortgage products contribute to this objective.*

6. What is the best way for the housing finance system to help ensure consumers are protected from unfair, abusive or deceptive practices?

- *Commentary could address: level of consumer protections and limitation; supervising agencies; specific restrictions; and role of consumer education*

7. Do housing finance systems in other countries offer insights that can help inform US reform choices?

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