



# *GSE Activity Report*

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Friday, January 14, 2022

## *If At First You Don't Succeed...*

### Summary

As noted in our in-depth analysis of Acting FHFA Director Thompson's confirmation hearing, it's clear that Democrats and Republicans are thinking hard about resurrecting statutory changes to the GSEs' charters. They are, though, about as far apart as usual on the constructs they prefer, making the extent to which an already stressed and fractious Senate could turn to the hard bargaining needed to end the GSEs' conservatorships before FHFA is good and ready.

### Impact

Banking Committee Chairman Brown rattled off a list of provisions he wants in a GSE bill:

- protecting access to affordable 30-year FRMs;
- providing a catastrophic govt guarantee;
- structuring loan guarantors as public utilities that provide a regulated rate of return. Whether there would be one, two, or more of these was left unsaid;
- serving broad national market;
- serving lenders of all types/sizes equitably;
- the maintaining duty to serve all markets/borrowers;
- maintaining affordable housing goals/metrics;
- expanding investments in affordable housing;
- maintaining the successful GSE multifamily business model; and
- ensuring continued/better access for affordable rental housing.

In sharp contrast, Toomey's approach is essentially the Mnuchin/Calabria privatization slow-walked to a first-loss private-sector construct backed by a catastrophic-risk guarantee.

### Outlook

Details matter in GSE reform at least as much as anywhere else. Until we see any, we'll assume this is just another round of Congressional talk with little prospect of meaningful action.