



GSE Activity Report

Friday, January 3, 2025

Road to Where, When?

Summary

As noted earlier today, the Biden Treasury and FHFA [late yesterday](#) laid out a road to end the GSE conservatorships without naming the destination and saying only that it might well take past 2028 to get there. The new public-comment process will hear more than a few views on what the Trump team should do, with the Biden process providing no insight into what it thinks might be best beyond attempting to codify current policy allowing controversial mortgage purchases (e.g., investment properties).

Impact

Despite its lack of policy guidance, the new process sets wheels in motion that may allow Trump's FHFA in consultation with Treasury to execute a new charter construct. Nothing is said as to what this might be, with all the agreements and related documents instead amending warrant-related agreements to facilitate change and starting a new public process to hear just what that might entail.

The public notice will, though, include at least one specific reform option. Once FHFA has read all its letters, it is to take its views over to FSOC and then gets Treasury a plan at least six months before FHFA initiates any restructuring. Treasury is then to consult the President before agreeing to FHFA's approach, which could include receivership even though the GSEs' conditions at this point would likely not otherwise require one.

Outlook

None of these agreements includes deadlines, but we expect FHFA to get a request for public comment over its transom before the January 20 closing door on current leadership. Who takes over at FHFA will then move through the process set forth in this agreement, which we expect has been vetted with key transition officials who recognize that it binds them to nothing even as it makes it easier for them to do something sooner than would otherwise have been the case.

Will change now prove easier than it ever was? We doubt it – see for example the MBA's bow shot after these [releases](#) in which the association renews its demand for a new, explicit GSE guarantee in the event of reprivatization. That will of course cost [a lot](#) and face strong opposition from DOGE-style Trump officials trying to curtail the federal government, not enlarge it.