



Consumer Federation of America

1620 I Street, N.W., Suite 200 * Washington, DC 20006

June 13, 2012

Ms. Toni Harris
Manager, Strategic Planning and Performance Management
Federal Housing Finance Agency
401 7th St., SW
Washington, DC 20024

RE: FHFA Draft Strategic Plan 2013-17

Dear Ms. Harris:

On behalf of the Consumer Federation of America (CFA), thank you for this opportunity to comment on the Federal Housing Finance Agency (FHFA) *Strategic Plan FY 2013-2017*. Consumer Federation of America (CFA) is a nonprofit association of some 300 national, state, and local pro-consumer organizations created in 1968 to represent the consumer interest through research, advocacy, and education.

CFA strongly endorses the basic strategic goals outlined in this publication. We especially want to support the agency's focus on ensuring liquidity, stability and access in the mortgage finance system. As the plan notes, there is virtually *no* mortgage finance available outside of that provided through Fannie Mae, Freddie Mac and Ginnie Mae. While we agree with the Strategic Plan's long-term view that a restructuring of the current system is necessary in the future, and that certain steps can be taken now to facilitate an eventual change-over, the fact remains that the GSEs now in conservatorship are the dominant source of funding for home purchase financing and refinance opportunities. Consequently, the plan for their future over 2013-17 time horizon is of critical importance to those consumers and the housing market. We have organized our specific comments to align with the flow of the proposed strategic plan, and look forward to further discussions as your planning process continues.

Strategic Goal #1 – Safe and Sound GSEs

The housing GSEs collectively – Fannie Mae, Freddie Mac and the Federal Home Loan Banks – have played a central historic role in the stability of the mortgage finance system for many decades. They have provided constant availability of mortgage credit for American consumers and standardization of mortgage terms throughout the United States. Their central role as standard setters and sources of liquidity helped eliminate once-prevalent variations in mortgage rates; booms and busts in mortgage financing; and periodic shortages of credit in some regions while others enjoyed surpluses.

The recent crisis also has illustrated how vulnerable monoline entities like Fannie Mae and Freddie Mac can be to severe disruptions in markets outside of their reach, and how instability in the broader market can jeopardize their safe and sound operation. Thus while close attention to the risks inherent in the operations of such entities is important, so is ensuring that broader markets are not allowed to overheat or

become flooded with unstable and exotic mortgage products which can destabilize the entire housing market and severely impact companies restricted to that market.

Another lesson from the recent crisis is that attention to consumer protections not only does not jeopardize financial safety and soundness, but that proper regulatory safeguards and oversight designed to emphasize alignment of borrower, lender and investor interests actually is critical for maintaining safety and soundness. The worst performing loans from the mortgage boom were not long term, fully documented, fixed rate instruments, but those that saddled consumers with high fees, exotic terms, and escalating interest rates and that were advertised to them as “affordability products”. As the pool of eligible buyers even for these unsuitable products shrank, standards were relaxed and documentation reduced. Often these loans were sold to consumers because they profited the originators and brokers, not because they provided value to the consumer. The outcome has been catastrophic failure rates, foreclosed homes and financial ruin for consumers and investors alike. The GSEs in conservatorship have returned to much more conservative standard. While these will surely enhance the companies’ own performance, we strongly urge the FHFA to include close oversight of their practices and encouragement of affirmative consumer safeguards in their products.

Simply increasing capital standards and hiking guarantee fees will not be sufficient alone to protect the current and possibly future entities’ safety and soundness. Rather, the regulation of the GSEs must be managed within the context of broader market oversight and close attention to assuring that the system as a whole functions on sound credit and business principles, with adequate pricing of risk and restriction of unstable or unpredictable credit products.

The plan proposes to “*Develop regulatory policies and supervisory guidance to improve the housing GSEs’ risk management, pricing and asset quality.*” The draft continues to note that “Regulations will support stable housing finance to achieve statutory objectives effectively and without unnecessary regulatory burden.” We support these goals, but strongly recommend that FHFA expand them to include consideration of equitable treatment of consumers through finance terms and conditions; the importance of providing credit on fair terms for all credit-worthy borrowers; and effective servicing of assets to protect consumers and communities. As noted, these are important not only because fair treatment of consumers should be a central objective of any government supported mortgage entity, but because fair treatment of consumers enhances the safety and soundness of the institutions and the system.

The plan also notes that “FHFA will evaluate compensation and incentive policies for compliance with best practices and with statutory mandates.” We agree that compensation should be based on equitable and transparent policies. The housing GSEs’ human resources, especially those of Fannie Mae and Freddie Mac in conservatorship, represent the single most important asset that the organizations possess. Because it is charged with conserving the entities’ economic value and restoring them to financial health, FHFA must make protection of human capital a very high priority in the strategic plan. Uncertainty about the companies’ future has compounded other factors over which FHFA has minimal control, leading to a serious flight of talent from the companies since conservatorship commenced in 2008. One of FHFA’s most important strategic goals should be the retention of high-skilled human capital and its use in maintaining a stable and liquid market, and in helping to both craft and then execute the transition to whatever future state Congress adopts. We strongly urge FHFA to more clearly highlight this priority and to provide more focus on specific steps it will take to strengthen the companies’ human capital assets.

Fannie Mae and Freddie Mac are the subject of the most active consideration and oversight within the agency, Congress, the Administration and the public policy space since FHFA became their conservator in 2008. But the Federal Home Loan Banks (FHLBs) deserve FHFA's attention as well.

This is true particularly as FHFA begins to chart a course for Fannie Mae and Freddie Mac in which, as the plan notes, the agency intends to increase the fees they charge to more adequately compensate for the risk their guarantees represent. The Treasury Department's 2011 White Paper on secondary market reform highlights its intention to restructure any future guarantee through a successor system to be explicit, actuarially sound and paid for. All serious proposals from Congress, think tanks and other students of the system concur with this approach. At the same time, the FHLBs retain the implicit guarantee of their debt that Fannie and Freddie enjoyed before 2008, for which the government is not compensated. How this "dual track" should be resolved in the future should be an important element of FHFA's long-term strategic planning.

We also note that the Federal Home Loan Banks (FHLBs) either already have completed or soon will complete funding their collective obligations to defease REFCORP bonds under the terms of the 1988 FIRREA legislation. This will create a significant windfall in additional retained revenue for the system. The Strategic Plan does not note this significant change in circumstances. We urge FHFA to take special note of this change and to devote a significant amount of attention to determining how best to adapt to this new circumstance.

The Banks remain solvent and consistently produced significant dividends for their members, even while making their required contributions to retire the bonds. With their release from this obligation, the system will return to its pre-FIRREA state of receiving valuable governmentally endowed benefits coupled with extremely low effective federal taxation – significantly less than the rates paid by Fannie Mae and Freddie Mac before conservatorship, for instance. The Banks continue to have an obligation to fund the Affordable Housing Program (AHP), another feature of FIRREA, through which they are obliged to contribute a minimum of 10 percent of gross profits to further affordable housing and community development endeavors. The fulfillment of the REFCORP obligation frees up an additional significant revenue stream. We strongly urge FHFA to include considerations of how this increased revenue opportunity should be addressed, including possibly using it to augment the AHP, which has delivered millions of dollars in subsidies to worthy projects across the country. Indeed, without these funds, many projects also benefitting from Low Income Housing Tax Credits (LIHTC) would be significantly less able, if able at all, to successfully serve very low income residents. AHP funds also have supported a variety of affordable homeownership initiatives for low and moderate income families. Particularly when other direct sources of support are under tremendous stress, the Banks' role in supporting these activities deserves serious consideration as part of a long-term oversight and regulatory strategy.

The FHLBs were created to provide liquidity for home finance through advances to member institutions. Over the decades the Banks' membership has expanded to include commercial banks as well as, most recently, CDFIs. Greater attention to tracking, assessing and making public more information about the uses to which advances are being put should be part of the strategic plan.

Strategic Goal #2: Stability, Liquidity, and Access to Housing Finance

CFA's policy on secondary market finance stresses that *"In considering future structures for the secondary mortgage market and the Federal Home Loan Bank system, Congress and the Administration should seek solutions that will insure liquidity, stability and accessibility to the mortgage markets, with particular attention to support for long-term, fixed rate, freely prepayable self-amortizing mortgages for low and moderate income consumers because they provide safe and affordable mortgage credit. Reforms should ensure that lenders of all sizes, including community banks and credit unions, have fair and equal access to the secondary mortgage market."*

We are pleased that FHFA has included similar language in its strategic plan. Long term fixed rate mortgages provide consumers with a much higher degree of certainty and security than fixed rate mortgages. There is little evidence that a fully private system of mortgage finance would offer similar terms. Indeed, consumers throughout the world with other systems that do not have GSE-like functions typically can choose only from mortgages with rates that shift all the risk of interest rate movements onto them. Individual consumers are the least capable part of the larger mortgage finance chain to bear this risk. The GSE system has given consumers reliable access to mortgages in which investors take that risk, which they are far more suited to manage. Experience from the recent crisis also has highlighted that consumers with similar other characteristics fare far better when their loans have straightforward, fixed rate terms.¹

The liquidity and stability that the GSEs provided through nearly four decades also delivered significant benefits to consumers. We strongly support FHFA's continued focus on maintaining these outcomes.

The plan also notes that FHFA will pursue initiatives to "adopt standards and practices that stabilize housing markets and promote market and stakeholder confidence." We strongly urge that this be expanded to specifically include *"consumer protection and regulatory and business practices that will further fair housing objectives and insure fair pricing and sustainable terms for housing consumers, especially low and moderate income and minority consumers."* A strong focus on consumer protection and fair treatment of these groups is especially critical while the GSEs provide such a dominant share of all financing for home mortgages today. The GSEs are the current mortgage market. They must focus on assuring that mortgage credit is available on fair and sustainable terms. Consumer protection *must* be one of the key objectives of FHFA oversight and strategic management. This is not only important to assure that consumers are treated fairly through the dominant providers of mortgage finance. It is also, as noted earlier, an important component of bolstering the GSEs' safety and soundness by assuring alignment of consumer and investor interests.

The plan also notes that FHFA will actively engage in HAMP and HARP administration to "offer troubled homeowners loan modifications and refinancing opportunities." We urge FHFA to expand this section to specifically include the following: *"offer troubled homeowners loan modifications and refinancing opportunities; protect homeowners from abusive practices; place a high priority on keeping consumers in their homes wherever possible; and to develop and adopt policies and practices that will maximize consumers' chances of successfully completing such modifications."* (Suggested language in

¹ *Regaining the Dream*, Roberto G. Quercia, et al, Brookings Institution Press, 2011, p. 29-33

italics.) Given their unique status, Fannie and Freddie should have an obligation to do far more than the minimum required to modify loans. Their privileged status should require them to develop and execute best practices and place a high value on protecting homeowners wherever possible.

The plan also states that FHFA will work with HUD and the Department of the Treasury on strategies to dispose of REO properties “using approaches tailored to the needs and economic conditions of local communities.” We urge this be expanded as follows: “using approaches tailored to the needs and economic conditions *of consumers* and communities, *emphasizing wherever possible strategies that will reduce foreclosures and appropriately balance the GSEs’ economic interests with those of homeowners and their neighborhoods.*”

We strongly endorse the strategic goals to “Ensure liquidity in mortgage markets” and to “Expand access to housing finance for diverse financial institutions and qualified borrowers.” In Performance Goal 2.2 FHFA proposes to work to ensure that Fannie and Freddie “continue to provide liquidity to the secondary markets in a manner consistent with the objective of eventually reducing the level of government support.” We strongly urge FHFA to expand this as follows: “continue to provide liquidity to the secondary markets in a manner consistent with the objective of eventually reducing the level of government support *and with assuring affordable, fixed rate mortgages remain available to US consumers for both home purchases and refinancing.*” (Suggested language in italics.)

FHFA’s plan is consistent with many observers’ emphasis on decreasing the role of federal guarantees. While in principle this remains an important public policy objective, it must be balanced with the overriding need to assure a continued flow of credit to everyday Americans. We note that while the GSEs’ share of MBS issuances is higher than over much of the last two decades, it remains within a relatively narrow band of variation over that time period. (*See Appendix 1 for a chart of GSE market share over this period.*) Indeed, the most significant change in federal participation in the market over the last 10 years has been the radical increase in FHA/Ginnie Mae guarantees. FHA’s share shrank first as Fannie Mae and Freddie Mac expanded their product offerings to reach more underserved markets, and then dramatically as private, unregulated lenders moved aggressively to market products to FHA’s traditional base, especially minority buyers and owners. When that market collapsed, and Fannie and Freddie under conservatorship imposed higher standards than in the recent past, many borrowers found no other recourse than FHA. We note also that the federal government has a long history of supporting the mortgage market through a variety of other channels, including the FHLB system (which benefits from the same implied guarantee as Fannie and Freddie did before conservatorship), deposit insurance, and regulatory choices to encourage capital flows to regulated thrifts. Moreover, the recent crisis has demonstrated clearly that national government will always own a significant portion of “tail risk” in the housing economy. It is simply too large and important a sector to ignore when its stability is threatened. Therefore the goal of “reducing the level of government support” cannot be pursued without consideration of these important other realities.

FHFA notes in Performance Goal 2.3 that “minority- and women-owned institutions should be included in the activities of the GSEs...” We strongly agree, and urge FHFA to expand this notion to specifically include community banks, credit unions, and Community Development Financial Institutions (CDFIs). An important historical function of the GSEs was to provide access to the secondary market for any institution that could meet a minimum set of standards. This provided an important counterweight to

larger national institutions through which community lenders without the GSE alternative would have been forced to seek liquidity. The anti-competitive and concentration issues that this alternative helped to blunt should not be abandoned in a future system. There already is far too much concentration of power in a small number of mortgage lenders who operate in many markets. But smaller community banks and credit unions often provide a higher level of service, better products and better servicing than these national firms. The maintenance of a competitive system in which a wide array of institutions can offer consumers mortgages will increase consumer choice and, we believe, mortgage quality. Attention in the strategic plan to how to protect this access should receive a high priority.

The plan also proposes to “Ensure Enterprises maintain secondary market liquidity for new production of purchase money and refinance mortgages.” We note, however, that the market in general² and the GSEs in particular currently are producing only a small share of purchase money mortgages. Lenders commonly report that the GSEs’ requirements for higher down payments and credit scores, along with the imposition of loan level pricing adjustments (LLPAs) have forced a very large share of home buyers, and in particular, first time, low mod and minority home buyers, to FHA financing, which accounts for a disproportionate share of home purchase originations. We strongly urge FHFA to include in the strategic plan consideration of how to increase the GSEs’ share of purchase money originations, particularly for borrowers with good credit but low wealth and cash to close. FHFA can look to the credit performance of products developed by Fannie and Freddie during the 1990’s designed to meet this need, in which fully documented loans with firm credit quality floors were combined with lower down payment requirements to greatly expand home purchase access to low-mod borrowers and people of color.

The plan identifies oversight of GSE affordable housing goals as an area of execution focus. We strongly urge FHFA to expand its plans in this area to include a more expansive view of assuring that the GSEs provide appropriate liquidity for loans originated by primary market lenders in pursuit of their Community Reinvestment Act (CRA) obligations, as well as their performance in particular areas that historically have not benefited effectively from GSE financings, such as smaller rental properties. In particular, we urge FHFA to moderate its stated policy of restricting the GSEs to “core products” and preventing them from developing any new products while in conservatorship. Termination of targeted efforts like the state housing finance agency collaborative, through which Fannie Mae supported loans specifically designed to target LMI borrowers and underserved areas with special terms restricted to a limited number of participants, undermines the GSEs’ ability to fully serve the market. A strict policy in the strategic plan to prevent the GSEs from responsibly innovating in this area will adversely affect regulated depositories, either forcing them to forego important investments in struggling communities and with credit worthy but cash-poor borrowers, or forcing them to be held in portfolio, where the risk will be transferred to the taxpayer through deposit insurance backing the capital behind them and where higher capital requirements and balance sheet considerations can limit lenders’ appetite for such products.

The Federal Home Loan Banks recently were authorized to accept CDFIs as members. We strongly support this move and urge FHFA to include in the strategic plan specific efforts to support this new authority and monitor the Banks’ adoption of it. In addition, we strongly urge FHFA to include support of CDFIs as part of their execution strategy in support of this larger strategic goal.

² *MBA Mortgage Finance Forecast, May 24, 2012*, estimates that refis represent 74 percent of originations in Q12012.

Strategic Goal #3 – Conserve and Preserve Enterprise Assets

The plan highlights the importance of ensuring the “...ongoing hiring and retention of qualified people at the lowest target compensation consistent with the need for stability and talent in the management and conservation of \$5 trillion of mortgage assets supported by taxpayers.” As noted earlier, we are very concerned with the ongoing challenge of retaining the most highly qualified people in the GSEs. We strongly support FHFA’s emphasis on the importance of preserving the GSEs’ human resources.

The strategic plan highlights FHFA’s intention to ensure successful enhancement and implementation of HARP 2. We strongly support this. Giving consumers who are paying their mortgages the opportunity to take advantage of historically low interest rates to lower their monthly payments can only increase the long-term credit quality of these loans, and enable consumers to reduce their spending on the largest debt they are likely to have. We support the changes in GSE policy mandated by FHFA to increase uptake of this opportunity by underwater borrowers. We urge FHFA to add to its strategies close monitoring of lender origination practices, fees and charged rates to consumers as more GSE borrowers seek refinances under HARP 2. We are troubled by media reports³ of lenders choking off demand through long waits for approvals, additions of fees in response to increased demand, and charging premium interest rates above the most favorable rates available through the GSE execution. In addition to monitoring Fannie and Freddie’s execution of FHFA’s policy directive on HARP 2, FHFA should also monitor and report on lender practices that may be impeding its successful implementation or costing consumers additional fees and charges.

We strongly support the plan’s proposed focus on “Enhanc(ing) the use of short sales, deeds in lieu, and deed-for-lease options.” These tools help distressed owners avoid the costs and trauma of foreclosure when a reasonable modification of the current loan cannot be obtained. The ability to more smoothly transition a household into rental housing, or to enable them to stay in their home and neighborhood while giving up their mortgage is much more desirable from a policy perspective. It is more beneficial to the consumer, and should be used whenever it will yield a comparable return to other alternatives like foreclosure. FHFA should also include in its plan testing and evaluation of loan modification techniques such as consumer counseling that can lead to better outcomes for consumers and the GSEs in the future.

The plan identifies risk-based pricing of guarantee fees as a particular area of focus in this goal. We caution that moving to a full risk-based pricing model is likely to force LMI consumers out of the GSE customer mix, particularly borrowers with decent credit and little cash to close. While the principle of basing price on risk is sound, and seems to promise unlimited access to credit regardless of individual borrower characteristics because the risk is priced appropriately, one of the great virtues of the GSE system through the early 2000’s was its ability to leverage scale and volume to offer affordable guarantee fee pricing to a wide range of borrowers. Indeed, some observers argue that the GSE model began to falter on all fronts when Fannie and Freddie initiated risk based pricing approaches to expand their market

³ “Borrowers Face Big Delays in Refinancing Mortgages,” Nick Timiraos and Ruth Simon, *Wall Street Journal Real Estate Blog*, May 9, 2012
<http://online.wsj.com/article/SB10001424052702303459004577364102737025584.html?KEYWORDS=Refinances>

share to include borrowers with damaged credit, or to loans with reduced documentation. Their ability to accurately price the risks these new markets presented turned out to be poor. The result was higher losses than in their general credit book. Pooled risk and average guarantee fee pricing imposes very little marginal cost on most borrowers, but can protect LMI consumers from fees and charges that can be effective barriers to their participation in the system. FHFA should use the strategic plan to develop a clearer understanding of the tradeoffs between average and loan level risk-based pricing and engage the public in a robust discussion of their relative merits before moving to implement risk-based pricing widely.

The plan states that FHFA aims to ensure that the GSEs will “provide an appropriate return, encourage market competition, and promote the return of private capital to the housing markets.” We strongly urge FHFA to modify this as follows: “provide an appropriate return, encourage market competition, *protect consumers and support affordable, fixed rate financing* and promote the return of private capital *not dependent on federal credit support* to the housing markets *in those segments where it is most appropriate and offers the best choices for consumers.*”

As noted earlier, the GSEs and Ginnie Mae have provided a significant share of mortgage funding for many decades. We agree that the past GSE model of privately owned but publicly chartered enterprises backed by an implicit guarantee that is not paid for to protect taxpayers is no longer sustainable, and that having more at risk private capital engaged in segments of the market that do not justify government support is a worthwhile policy goal. But we do not believe that there is an objective reason to reduce the government’s role as a guarantor arbitrarily in order to substitute fully private at-risk capital as a matter of policy.

FHFA should carefully evaluate how to insure that low, middle and moderate income consumers will continue to be able to take advantage of fairly priced, long term fixed rate mortgages. FHFA has a number of policy “dials” that it can manipulate to focus government support more effectively on market segments where the benefits are most needed. We strongly recommend FHFA concentrate on reducing the maximum loan size eligible for GSE guarantees as a primary means to accomplish this. Another alternative is to raise fees, and the plan cites the intention to raise them “closer to the level that other market participants would charge to assume the credit risk.” We support gradually raising guarantee fees to provide appropriate levels of capital to support the credit risk behind the guarantees. But we do not support raising the fees arbitrarily simply to bring attract more private at-risk capital into the mortgage market. This will inevitably be a consequence of raising government fees for any reason. But the government’s role in the system should be to leverage its unique ability to take and absorb long term risks without needing to generate equity returns for shareholders, which should *always* leave it as a more favorable execution for the markets where such support is appropriate. Moreover, the recent past suggests that the private sector’s ability to fully and appropriately price the credit risk of mortgages was greatly overestimated. Indeed, the overall performance of the GSEs’ credit book has proven to be far better than those of subprime and private label Alt-A mortgages, as FHFA itself has noted.

We are intrigued by FHFA’s plan to experiment with ways to share current GSE guarantee risk through its sale to private entities whose capital would stand in front of the GSEs’. This has the merit of retaining a central role for a government backstop that will encourage private investment in GSE MBS while

reducing the scope and scale of potential future losses. We encourage FHFA to refine this approach and provide regular reporting and updates on its progress.

Likewise, FHFA's intention to move forward to design a single securitization platform while the GSEs are in conservatorship is an intriguing idea that should be pursued. It offers a path through which standardization could be extended and some of the most valuable features of the previous GSE model preserved. It also could form the foundation of further change to the system that would help stabilize markets and permit the continued issuance of highly liquid and standardized securities. We urge FHFA to engage the public and interested parties in continuing dialogue as this idea is developed. Much will depend on the details of such a structure and FHFA would benefit from being open and transparent in its development.

The plan specifically identifies buyback requests based on lender representations and warranties as an area of focus in the plan. The maintenance of high standards in the underwriting of loans for GSE securitization, and the threat of possible buyback requests when these standards were not followed, were a specific benefit of the GSE system. The widespread buyback requests with which lenders have been confronted under the conservatorship is evidence that this system broke down in a combination of market and regulatory failure which contributed to the firms' collapse. We strongly support FHFA's actions to require lenders to disclose important information regarding these loans, and to support the GSEs' legitimate claims where reps and warrants were not honored. We also note, however, that the unprecedented level of buyback requests has eroded lender confidence in the GSE securitization system and is causing extreme levels of underwriting caution by primary market lenders as a result. FHFA should focus on how to establish clear groundrules for GSE and lender responsibilities under reps and warrants to reduce as much as possible any future lack of certainty which could restrict credit further. A system where the rules are clear and lenders have a higher degree of certainty about the terms and conditions under which a loan can be put back because of material breaches of underwriting standards is an important component of reaching FHFA's stated goal of assuring liquidity and stability in the mortgage market.

We note the striking absence of multifamily housing in the strategic plan. These parts of the GSEs' businesses not only did not contribute to their financial collapse, but have generated consistent revenue and profits throughout the crisis, while also providing significant support to the market at a time when CMBS and other private capital sources abandoned the market. The performance of these businesses and their importance in the market requires close attention by FHFA. Their absence from the plan is a serious omission.

The plan does not address the unregulated nature of the private label securities market and our recent experience of its ability to seriously distort and ultimately undermine the entire mortgage finance system through a "race to the bottom" in underwriting standards, misalignment of incentives between originators, borrowers, investors and servicers, and over-leveraging of the underlying assets through successive securitizations that multiplied risk and ultimately losses in the system. The Dodd Frank Act has established a number of important new groundrules aimed at curbing some of the worst excesses of this system. But we urge FHFA to include an examination of the non-government mortgage finance sector and identify policy recommendations to prevent the reemergence of these abuses that endanger the stability of the system.

We appreciate the opportunity to comment on this important strategic plan. We look forward to working with you and your staff as you develop it further.

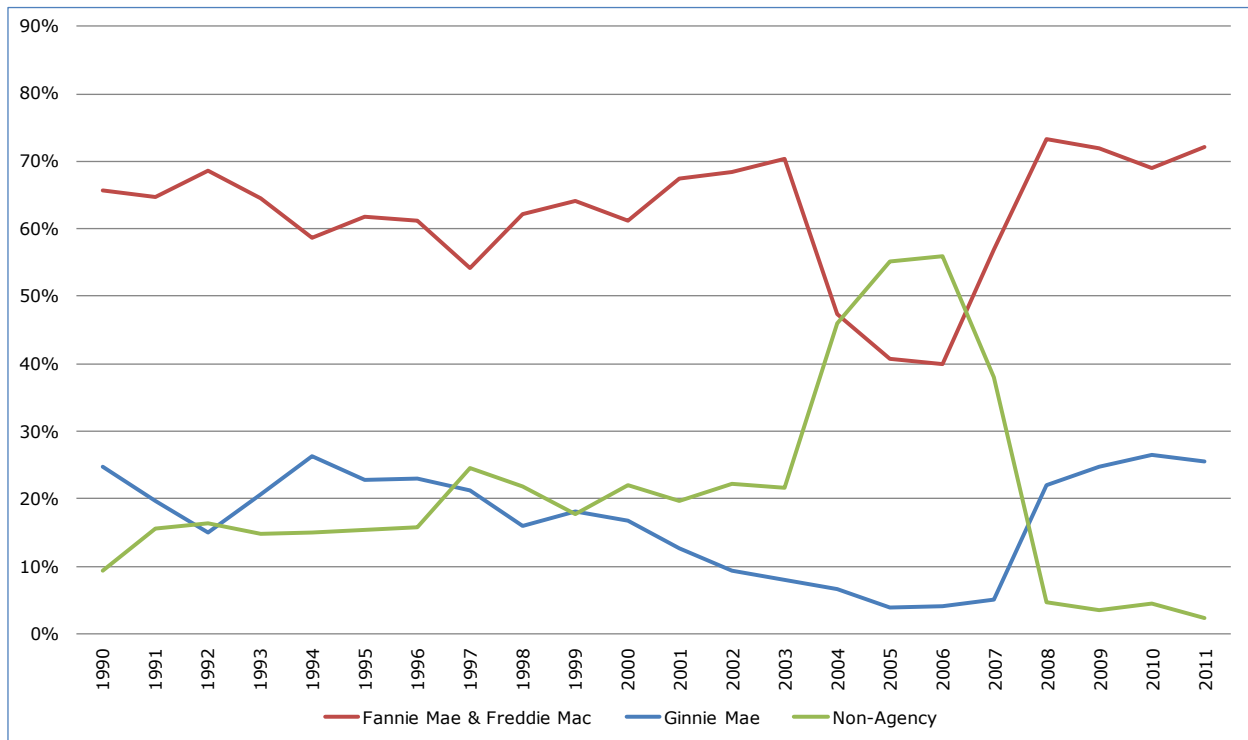
Sincerely,

A handwritten signature in blue ink, appearing to read "B. Zigas". The signature is fluid and cursive, with the first name "B." and the last name "Zigas" clearly distinguishable.

Barry Zigas
Director of Housing Policy

Appendix 1

Chart 1. Mortgage-Backed Securities – Market Share, 1990 to 2011



Funds for MBS, share of market by source, selected years					
	1990	1996	2000	2006	2011
Fannie Mae & Freddie Mac	65.76	61.22	61.11	39.95	72.14
Ginnie Mae	24.82	22.91	16.79	4.02	25.52
Non-Agency	9.42	15.87	22.11	56.03	2.33

Source: Inside Mortgage Finance