The Secondary Market at a Crossroads: Affordability, Access, and the Future of Homeownership

Testimony of

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Introduction

Thank you Chairman Flood, Ranking Member Cleaver, and distinguished Members of the Subcommittee. My name is Sharon Cornelissen, and I am the Director of Housing of the Consumer Federation of America (CFA), one of the nation's leading non-profit consumer organizations.[1] Founded in 1968, CFA advances pro-consumer policies through research, advocacy, and education. CFA is a membership organization representing nearly 250 consumer groups nation-wide and works with federal and state legislators and regulators to promote beneficial policies, oppose harmful ones, and ensure a balanced debate on issues important to consumers.

Housing is one of CFA's long-standing areas of expertise, with a focus on ensuring strong consumer protections, broad access to mortgage credit, and a well-functioning housing finance system. CFA's housing advocacy and research includes work on the Federal Housing Finance Agency, and its regulated entities, Fannie Mae, Freddie Mac, and the Federal Home Loan Bank System. CFA also advocates to expand affordable and equitable access to mortgage lending nationwide, from FHA to conventional loans.

I serve as CFA's Housing Director after spending the last decade conducting extensive research on how families can access homeownership and mortgages across the United States. My work has included years of engagement with homeowners in Detroit, research on mortgage discrimination in metropolitan Boston, and analysis of rural mortgage challenges in Eastern Kentucky. I received my Ph.D. in Sociology from Princeton University and previously worked as a researcher at the Harvard Joint Center for Housing Studies. In 2025, I published a book examining the experiences of homeowners in Detroit, *"The Last House on the Block: Black Homeowners, White Homesteaders, and Failed Gentrification in Detroit."*[2] At CFA I draw on these experiences to advocate on housing finance policy and to translate its often-technical policy issues back to the everyday concerns of renters, homebuyers, and homeowners.

This hearing is about the American dream of homeownership. Over the past year, many of FHFA's and the Administration's unpredictable, often ad-hoc actions have generated deep uncertainty among lenders and investors and put homeownership even more out of reach for millions of families. In this testimony, I will explain the intrinsic role of Fannie Mae and Freddie Mac as mission-focused government-sponsored enterprises in promoting broad, affordable homeownership for all American communities and recommend how Congress and FHFA can meaningfully leverage the secondary market to help address today's housing affordability crisis.

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[1] Consumer Federation of America, https://consumerfed.org/

[2] *See* Cornelissen, Sharon. "The Last House on the Block: Black Homeowners, White Homesteaders, and Failed Gentrification in Detroit." The University of Chicago Press. 2025. https://press.uchicago.edu/ucp/books/book/chicago/L/bo255945877.html

Why the Secondary Market Matters to Families in the United States

While most Americans may have never heard of the secondary mortgage market, it is the hidden engine behind the thirty-year, fixed-rate, prepayable mortgage. This uniquely American product has been made possible by Fannie Mae, Freddie Mac, and Ginnie Mae.[3] The U.S. government's engagement in mortgage markets has expanded access to credit, lowered borrowing costs, and helped millions of families achieve homeownership across the United States.[4]

Congress created Fannie Mae in 1938 and Freddie Mac in 1970 to support affordable mortgages and expand homeownership by increasing liquidity in the housing finance system. Together, Fannie Mae and Freddie Mac are also known as the Enterprises and are government-sponsored enterprises. The Federal Housing Finance Agency (FHFA) has served as regulator, as well as conservator, of Fannie Mae and Freddie Mac since 2008.[5]

Today, Fannie Mae and Freddie Mac's main activity in the single-family mortgage market is to buy mortgages from lenders, pool those loans, and sell them to investors as mortgage-backed securities (MBS). The Enterprises guarantee the timely payment of principal and interest to MBS investors, in exchange for a guarantee fee, commonly known as g-fee.

Fannie Mae and Freddie Mac generally retain the credit risk of mortgages (the risk that a borrower will default on their loan), while investors take on the prepayment risk (the risk that a mortgage will be ended early – most mortgages are paid off before their 30-year term due to refinance or home sale) and interest rate risk (as interest rates change, securities become more or less valuable in the returns that they offer). The Enterprises have never held the full credit risk for the assets in their bonds, since Congress mandated that they secure third-party insurance for exposure above loan to value (LTV) ratios of 80 percent. Usually this is achieved through requiring consumers to purchase private mortgage insurance, whose beneficiary is the GSE. Since entering Conservatorship, they have also transferred a significant share of that risk to private capital through credit-risk transfers (CRT).[6]

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[3] This testimony is focused on the single-family mortgage market supported by Fannie Mae and Freddie Mac. They also support multifamily lending, while Ginnie Mae also plays an essential role supporting a secondary market for government-insured FHA, VA, and USDA mortgages.

[4] *See also* https://www.tandfonline.com/doi/full/10.1080/15214842.2020.1757357#d1e138

[5] Consumer Federation of America. "Fannie Mae and Freddie Mac Fact Sheets." September 2025. https://consumerfed.org/wp-content/uploads/2025/09/FannieMae-FreddieMac-Fact-Sheets-09.16.pdf

[6] For more info, *see* https://www.jchs.harvard.edu/blog/demystifying-credit-risk-transfer

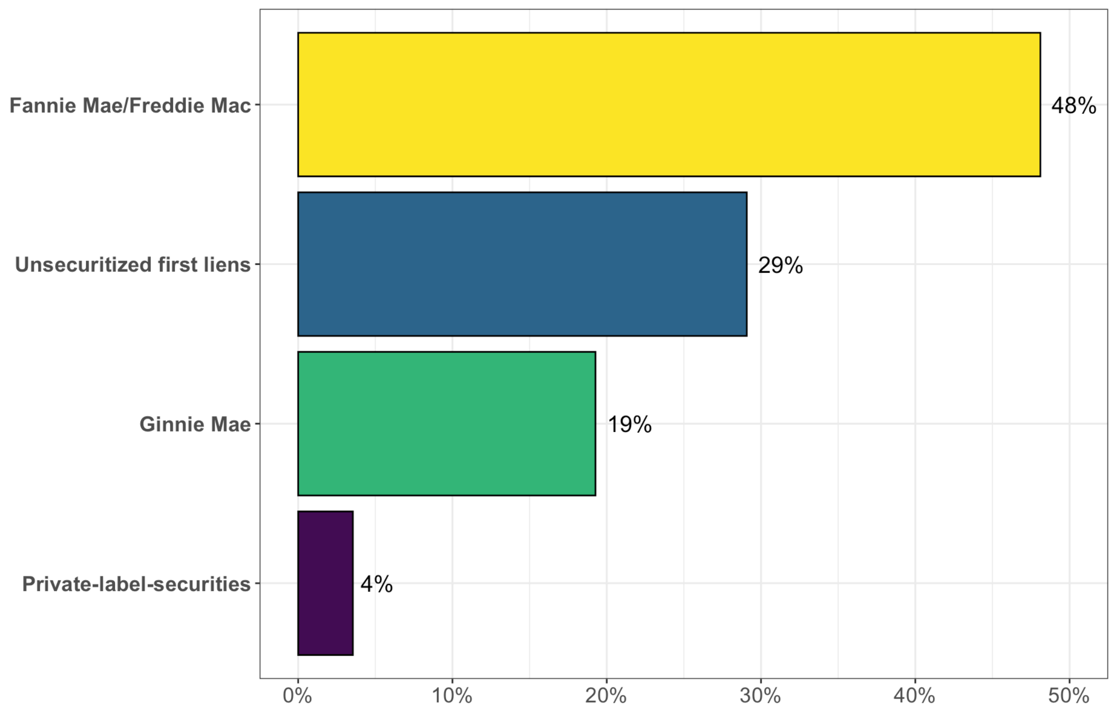
Figure 1: How Mortgages Enter the Secondary Market

Without a functioning secondary market, lenders would have to hold all mortgages on their balance sheet, limiting liquidity and resulting in higher interest rates and reduced credit access for borrowers.

Agency MBS, as these bonds are widely known, also play a critical role in supporting liquidity in other markets, as they are freely traded and enjoy the assumption of federal support in the event that the Enterprises are unable to make good on their guarantees. Because these bonds are traded in the "to be announced (TBA)" market, meaning they can be traded into securities that have not yet been created but whose terms are established, lenders can offer rate locks to consumers well in advance of their loan closings. This is a critical benefit for consumers and adds stability and predictability to the MBS market.

The Enterprises have also played a central role in helping standardize mortgages across the United States. Indeed, this is one of their chartered purposes. Today, the majority of mortgages conform to Fannie Mae and Freddie Mac underwriting standards, including many mortgages that lenders do not immediately sell to the Enterprises. As the guarantors of mortgage-backed securities, the Enterprises enforce consistent underwriting standards that protect consumers and support the safety and soundness of the housing finance system.

Figure 2: The Enterprises Backed Nearly Half of the US Single-Family Mortgage Market in 2025 (Total Mortgage Debt Outstanding, Q3)



Note: Single-family mortgage market excluding home equity loans.
Source: Urban Institute's Housing Finance at a Glance Monthly Chartbook, Ginnie Mae Global Markets Analysis Report

<u>The Unique Structure of Fannie Mae and Freddie Mac</u>

As they are chartered by Congress and bound to specific statutory obligations, Fannie Mae and Freddie Mac are government-sponsored enterprises (GSEs). This means that even *prior to* the 2008 Financial Crisis – when they entered conservatorship – they were never truly private companies, but instead always represented public-private hybrid corporations. This also makes the language of "privatization" complex and somewhat inaccurate: many plans for release from conservatorship would instead bring the Enterprises back to a GSE structure or articulate an explicit guarantee, where the full faith and credit of the U.S. government would stand behind the Enterprises to keep borrowing costs low.

Specifically, while prior to 2008 the Enterprises operated as private, shareholder-owned companies focused on pursuing profits, at the same time, as GSEs, they also benefited from unique tax exemptions and subsidies.[7] Before conservatorship, the most valuable of these subsidies was the "implicit guarantee:" the idea that the U.S. government would not let these GSEs fail. This implicit guarantee led to a perception of lower risk by investors in their debt issuances and MBS sales, and meant that the GSEs could borrow at near-Treasury rates (much lower than the borrowing costs of private companies). Because of these subsidies, the Enterprises could charge lower fees for their guarantee rates than the private-sector equivalent would do: benefiting homeowners who are seeing lower mortgage rates as a result, while also benefiting rental property owners, which can keep costs lower for renters.[8] The Congressional Budget Office estimated that the value of this subsidy prior to 2008 was around 41 basis points on debt and 30 basis points on mortgage-backed securities, varying based on market conditions.[9]

In return for these substantial financial benefits, Congress has demanded that the Enterprises focus on their public mission to offer broad and safe access to housing finance in all U.S. communities. Specifically, the Enterprises' Congressional charter states:

> "It is the purpose of [Fannie Mae and Freddie Mac] …to provide ongoing assistance to the secondary market for residential mortgages (*including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities*) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and…*to promote access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas)* by

[7] Another GSE is the Congressionally authorized Federal Home Loan Bank System, which also can borrow at near-Treasury rates due to its "implicit guarantee." According to the Congressional Budget Office, this perception lowers its borrowing costs by around 40 basis points. *See* Congressional Budget Office, "The Role of the Federal Home Loan Banks in the Financial System." March 2024. https://www.cbo.gov/publication/60064

[8] Congressional Budget Office, "Seven Things to Know About CBO's Budgetary Treatment of Potential Changes to Fannie Mae and Freddie Mac," July 2025. https://www.cbo.gov/publication/61592#:~:text=CBO%20projects%20that%20Fannie%20Mae,on%20a%20fair%2Dvalue%20basis.

[9] Congressional Budget Office, "Updated Estimates of the Subsidies to the Housing GSEs," April 2004. https://fcic-static.law.stanford.edu/cdn_media/fcic-docs/2004-04-08%20CBO%20Updated%20Estimates%20of%20the%20Subsidies%20to%20the%20Housing%20GSEs.pdf

increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing." [italics added][10]

However, there is an inherent tension in the Enterprises' pre-conservatorship structure of being, on the one hand, focused on optimizing private shareholder profits, while on the other hand, being focused on promoting a public mission.[11] Indeed, without appropriate oversight by Congress and regulators, there is a risk that GSEs will prioritize private profits over public benefits.[12] This risk has materialized in the past, when excessive risk-taking by lenders, weak consumer protections around mortgages (especially those backed by private-label MBS), poor risk management and judgment by the Enterprises who agreed to securitize large amounts of these so-called "Alt-A" loans with nontraditional underwriting, and inadequate capital requirements for the credit risk they were undertaking, led to widespread mortgage defaults, and threatened the solvency of Fannie Mae and Freddie Mac during the 2008 Great Financial Crisis.[13] As such, maintaining the correct balance between public benefits and private profits should be a key priority in any discussions about the future of Fannie Mae and Freddie Mac.

Since 2008 Fannie Mae and Freddie Mac have been in conservatorship, when widespread mortgage delinquencies led to deep losses in their books and threatened to make the Enterprises insolvent. Given the economic significance of Fannie Mae and Freddie Mac, the U.S. government stepped in to prevent their collapse. Since then, they have been effectively owned by U.S. taxpayers: Treasury holds warrants to purchase 79.9 percent of common shares in the Enterprises and a deep layer of senior preferred stock received in exchange for the U.S. government's replenishment of their capital and explicit pledges to add more if necessary. Details on this agreement are laid out in the Senior Preferred Stock Purchase Agreements (SPSPAs).[14] FHFA today serves as both independent regulator and conservator of the Enterprises.

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[10] 12 U.S.C. § 1716

[11] Layton, Don. "The GSE Public-Private Hybrid Model Flunks Again: This Time It's the Federal Home Loan Bank System (Part 1)." The Stoop, NYU Furman Center Blog. March 4, 2024. https://furmancenter.org/thestoop/entry/the-gse-public-private-hybrid-model-flunks-again-this-time-its-the-federal-home-loan-bank-system-part-1

[12] Cornelissen, Sharon. "What is the Public Actually Getting for $7.3 Billion in Housing Subsidies?" HousingWire Op-Ed, March 29, 2024. https://www.housingwire.com/articles/opinion-what-is-the-public-actually-getting-for-7-3b-in-housing-subsidies/

[13] Levitin, Adam et al. "Securitization: Cause or Remedy of the Financial Crisis?" Georgia University Law Center and University of Pennsylvania Law School Research Paper, August 2009. https://papers.ssrn.com/sol3/Delivery.cfm?abstractid=1462895

[14] Congressional Budget Office, "Seven Things to Know About CBO's Budgetary Treatment of Potential Changes to Fannie Mae and Freddie Mac," July 2022. https://www.cbo.gov/publication/61592

The Enterprises' Duty in Promoting Broad Homeownership Access and Affordability

As government-sponsored enterprises, Fannie Mae and Freddie Mac each have a statutory obligation to make mortgage finance broadly available in all communities.[15] Congress passed a number of statutory requirements through bipartisan bills to ensure that the Enterprises promote broad housing access and affordability:

Enterprise Housing Goals. Congress passed the Affordable Housing Goals (AHGs) in the 1992 Safety and Soundness Act, and updated them in the 2008 Housing and Economic Recovery Act, to ensure that a mission focus would inform the Enterprises' core business model and product offerings. Every three years, FHFA sets numeric benchmarks to ensure that the Enterprises meet housing finance needs in the nation's underserved markets, by meeting minimum mortgage purchase targets for mortgages serving lower- to moderate-income families and neighborhoods. The Affordable Housing Goals, calculated as a percent of each year's overall mortgage purchases, help ensure that the Enterprises work well for all communities and borrowers and are not just pursuing the most profitable products. These goals are analogous to, but not the same, as those required under the Community Reinvestment Act (CRA) for federally regulated depositories.

Duty to Serve Program. The 2008 Housing and Economic Recovery Act also established the statutory Duty to Serve (DTS) for the Enterprises to serve three specific underserved markets: rural housing, manufactured housing, and affordable housing preservation. These additional requirements were imposed because of demonstrated weaknesses in the Enterprises' service in these specific markets. Congress also gave FHFA the ability to add additional areas, but to date they have not done so. The Enterprises began implementing their first DTS plans starting in 2018. Duty to Serve plans, which are created by the Enterprises with public input and overseen by FHFA, include targets for the Enterprises to help research, pilot, and develop loan products and flexible underwriting to better serve low-to-moderate income families in the three statutory underserved markets:

- **Manufactured Housing:** To help support access to factory-built homes (that comply with the federal HUD code) for low-to-moderate income families.
- **Affordable Housing Preservation:** To help maintain and improve existing affordable housing, such as older rental properties and federally subsidized housing for low- and moderate-income families.

[15] CFA is also a member of the Underserved Mortgage Market Coalition (UMMC), which works with Fannie Mae and Freddie Mac to ensure their mortgages reach every community in the country. *See* https://underservedmortgagemarkets.org/

- **Rural Housing:** To support housing finance needs in rural areas, where mortgage options are often limited and housing challenges are unique.

These goals are meant to help fulfill Congress' direction that the Enterprises "lead the market" by removing barriers and creating incentives for primary market lenders to expand mortgage credit in these specific areas. The Enterprises are required to develop and implement these strategic plans every three years, which help the Enterprises reach less-profitable markets, while delivering on credit needs for low-to-moderate income families and underserved communities nationwide.

Housing Trust Fund and Capital Magnet Fund. Congress requires the Enterprises make contributions to the Housing Trust Fund and the Capital Magnet Fund, as established in the Housing and Economic Recovery Act of 2008. The Enterprises contribute 4.2 basis points (0.042 percent) on the principal balance of all new mortgages they guarantee each year.[16] In 2024, Fannie Mae and Freddie Mac together contributed $301 million for these affordable housing programs.[17] Funds in the Housing Trust Fund are distributed by HUD to all states for affordable rental housing construction and subsidizing low-income households buying homes. Grants from the Capital Magnet Fund are competitively awarded by the CDFI Fund to Community Development Financial Institutions (CDFIs) and non-profit organizations, who can show that they can leverage these dollars to help develop affordable housing. These dollars directly contribute to expanding affordable housing supply, especially for low-income households, nationwide, and help homebuyers unlock the housing supply that is available for homeownership.

Much of the Congressional statute and mission of Fannie Mae and Freddie Mac both preceded conservatorship and should be preserved in any future plans for the Enterprises. Any future plans should ensure that the Enterprises continue to support affordable mortgage access in all markets, and adequately serve lower-to-moderate income borrowers as well. Public oversight from a strong, well-staffed, and independent FHFA, and legislation and regulation that emphasizes and preserves a mission focus, will be essential to support access to affordable housing and to keep the American Dream of homeownership within reach for many more decades to come.

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[16] Congressional Budget Office, "How the Housing Trust Fund and Capital Magnet Fund Support Affordable Housing," November 2022. https://www.cbo.gov/publication/58827
[17] Federal Finance Housing Agency, "FHFA Announces $301 Million for Affordable Housing Programs," February 28, 2024. https://www.fhfa.gov/news/news-release/fhfa-announces-301-million-for-affordable-housing-programs

<u>Undermining Mortgage Access, Safety, and Soundness: How FHFA Has Aggravated Housing Unaffordability Over the Last Year</u>

The Federal Housing Finance Agency (FHFA) is an independent agency that provides oversight over Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. Established in the 2008 Housing and Economic Recovery Act, Congress directed FHFA to focus on two core goals:
(1) promoting the safety and soundness of the GSEs;
(2) ensuring that the GSEs meet their public mission of helping make mortgage credit available for low- and moderate-income families and in underserved markets.[18]

Independent financial regulators tend to do their job best when most Americans never have to think about them. However, over the last year, under the leadership of Director William J. Pulte, FHFA has not only strayed from its job as an independent regulator, but also has engaged in a range of rapid, often-unpredictable actions that have roiled markets and investors, and undermined affordable mortgage access for consumers.

Loss of Expertise and Capacity

FHFA, as well as Fannie Mae and Freddie Mac, have seen extensive staffing dismissals and reductions over the last year, especially in the very divisions most focused on making GSE-backed mortgages more available to working families and communities. For example, Director Pulte placed FHFA's fair lending and consumer protection teams on administrative leave, made widespread cuts in its research division, and fired most of the staff in its Office of Minority and Women Inclusion.[19] Large cuts have also decimated the teams that drive the GSEs' affordable mortgage business, oversee ethics compliance, and manage corporate risk stemming from natural disaster events.[20] This loss of expertise and capacity has undermined the regulator's – and the Enterprises' – ability to launch well-researched, innovative housing policies that could benefit consumers, monitor emerging risks in the market, and promote the Enterprises' affordability missions.

FHFA Took Away GSE-Backed Mortgage Access From 177,000 Working Families

[18] To cite the Congressional charter: "The principal duties of the [FHFA] Director shall be…to ensure that…the operations and activities of each regulated entity foster liquid, efficient, competitive, and resilient national housing finance markets (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities)." 12 U.S.C. § 4513(a), "Duties and Authorities of Director." https://www.law.cornell.edu/uscode/text/12/4513
[19] O'Donnell, Katy. "Top housing regulator in upheaval as executives, employees put on leave," *POLITICO*. March 20, 2025. https://www.politico.com/news/2025/03/20/employees-placed-on-leave-at-top-housing-regulator-00240298
[20] DePillis, Lydia. "As Trump Pushes Housing Affordability, His Mortgage Chief Undermines it." NYTimes. January 14, 2026. https://www.nytimes.com/2026/01/14/business/economy/housing-pulte-fannie-freddie.html

In December of 2025, FHFA jumped ahead of the three-year rulemaking cycle and published the 2026-2028 Enterprise Housing Goals. The new rule steeply lowers the low-income and very low-income home purchase and refinance goals, setting new benchmarks well below expected (and historical) primary market delivery of these loans. According to FHFA's own regulatory impact analysis, these sharply reduced housing goals will enable Fannie Mae and Freddie Mac to purchase up to 59,000 fewer affordable mortgages each year: this means that up to 177,000 families may lose access to GSE-backed mortgages over the next three years.[21]

Research by the Urban Institute showed that the Affordable Housing Goals positively impacted mortgage access for lower- to moderate-income families in its first decade of existence (1993-2002) and lowered interest rates in markets where Fannie Mae and Freddie Mac had a significant presence.[22] The Congressional Budget Office estimates that 750,000 homebuyers in 2025 benefited from having a goal-eligible mortgage.[23]

Borrowers served by the Affordable Housing Goals are working families, including many families who would consider themselves middle-class. Data from the National Housing Conference's Paycheck to Paycheck database offer insights on what kinds of workers and families may be impacted by this change, and typically could have benefited from a goal-eligible mortgage, given that they make less than 80 percent of their area's median income.[24]

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[21] This estimate is based on 2024 Fannie Mae and Freddie Mac purchase numbers (latest data available), taking the expected purchased mortgages under the 2025 purchase goals as baseline, and comparing the expected reduction given proposed 2026-2028 goals. See Significant Regulatory Action Assessment and Regulatory Impact Analysis for 2026-2028 Enterprise Housing Goals Final Rule (p. 10). Federal Housing Finance Agency. https://www.fhfa.gov/sites/default/files/2025-12/2025.12.19_MB_2026-2028%20EHG%20Final%20Rule_RIA-CRA%20Analyses_Web.pdf

[22] Ambrose, Brent, Thibodeau, Thomas, & Temkin, Kenenth. "An Analysis of the Effects of the GSE Affordable Goals on Low- and Moderate-Income Families." U.S. Department of Housing and Urban Development. May 2002. https://www.huduser.gov/publications/pdf/gsegoals.pdf

[23] Congressional Budget Office, "Fannie Mae and Freddie Mac's Housing Goals." November 2024. https://www.cbo.gov/publication/60978

[24] National Housing Conference, "Paycheck to Paycheck." 2025. https://nhc.org/paycheck-to-paycheck/

Figure 3: Typical Workers Limited From Mortgage Access Due to FHFA's Actions

Occupation	# of Cities Where These Workers Make < 80% AMI	Example Cities	National Median Salary
Carpenters	249	Atlanta, Salt Lake City, Tampa Bay	$59,310
Construction Laborers	359	Anchorage, Cincinnati, Green Bay	$46,730
Firefighters	219	Albuquerque, Birmingham, Phoenix	$59,530
Insurance Sales Agents	207	Lincoln, Oklahoma City, St. Louis	$60,370
Paralegals and Legal Assistants	270	Chattanooga, Jacksonville, Philadelphia	$61,010
Paramedics	175	Akron, Houston, Providence	$58,410
Pharmacy Technicians	381	Baton Rouge, Dayton, Minneapolis	$43,460
Plumbers, Pipefitters, and Steamfitters	143	Bismarck, Los Angeles, Reno	$62,970
Postal Service Mail Carriers	190	Atlantic City, Flagstaff, Indianapolis	$57,490
Real Estate Sales Agents	231	Columbus (OH), Dallas, Provo	$56,320

Notes: Cities refer to Metropolitan Statistical Area (MSAs). Any occupation is counted as covered by the Affordable Housing Goals in cities where the occupation's median annual salary in MSA is <= 80% of median family income in MSA.
Source: Paycheck to Paycheck database by the National Housing Conference.

For example, carpenters in 249 metro areas make less than 80 percent of the area median income – with a median salary of $59,310 in 2024 nationwide. Homebuyers who currently benefit from goal-eligible mortgages also include firefighters, real estate agents, insurance sale agents, paralegals, and paramedics. By reducing the housing goals, FHFA is taking away access to GSE-backed mortgages – typically the most affordable and highest-quality option for those who can qualify – from many of these families.[25]

Policymaking By Tweet and Growing Unpredictability

Over the past year, ad-hoc and often informal announcements around the future of the secondary market have increased uncertainty for industry and investors, and further undermined access to affordable homeownership. Policy ideas have often been announced suddenly, without data-driven analysis, opportunity for public input, or details about implementation.

[25] A large number of these affected families will have to turn to FHA mortgages instead: which not only tend to be more expensive for borrowers who can qualify for GSE mortgages (given mandatory Mortgage Insurance Premiums for the life-of-the-loan), but also tend to be less competitive, especially in tight housing markets. Other borrowers will be priced out of homeownership altogether due to this change. For an in-depth analysis, *see* Consumer Federation of America. "CFA and Broad Coalition Oppose FHFA Proposal to Reduce the Affordable Housing Goals." November 2025. https://consumerfed.org/testimonial/cfa-and-broad-coalition-oppose-fhfa-proposal-to-reduce-the-affordable-housing-goals/

One example was the public promotion of the idea of 50-year mortgages, first announced on Truth Social, the social media platform owned by President Trump.[26] There is widespread agreement across the political spectrum, and from advocates to industry, that such a product would only marginally reduce monthly mortgage payments, while driving up borrowers' total housing costs by tens of thousands of dollars over the course of their mortgage.[27] With a 50-year mortgage, today's first-time homebuyers would still be responsible for mortgage payments well past their retirement age and would build equity much more slowly: undermining people's ability to build wealth through homeownership. Even so, the Administration and FHFA announced this idea without data-driven analysis, without an opportunity for public input, and without clarity on actual details or implementation.

Similar uncertainty has surrounded plans for the long-term future of Fannie Mae and Freddie Mac. FHFA and Administration officials have suggested conflicting ideas, such as selling off part of the value of the warrants that Treasury holds in an "IPO," on the one hand (while offering little clarity on who would actually control the companies under such a change), to discussing ideas for administrative release from conservatorship, on the other hand. These plans have been announced publicly without underlying analysis and have largely bypassed Congressional engagement.

Our nation's housing markets depend on trust, stability, and adequate federal oversight to keep mortgage costs down for consumers. However, these often unpredictable actions have shaken that trust and heightened uncertainty for industry, investors, and consumers. These ad-hoc announcements also put in sharp contrast the scarcity of real proposals and meaningful actions that would bring down housing costs.

Activities that Threaten the Independence of Financial Regulators

Actions taken by FHFA over the last year have also eroded trust in the independence of financial regulators, with negative downstream consequences for consumers and markets. FHFA has positioned itself as a tool to advance political objectives rather than act as an independent regulator, whose job it is to safeguard our housing finance system and advance meaningful housing regulation that would lower housing costs.

For example, Director Pulte has led an online campaign using social media to repeatedly call for Federal Reserve Chair Jerome H. Powell to resign: the nation's most prominent independent

[26] Director William J. Pulte, (@pulte), Tweet. November 8, 2025. https://x.com/pulte/status/1987228558226280813

[27] Calhoun, Mike and Peter, Tobias. "Buying a House Has Become Less Affordable. A 50-Year Mortgage is Not the Answer." Center for Responsible Lending and American Enterprise Institute. February 3, 2026. https://www.linkedin.com/pulse/buying-house-has-become-less-affordable-9rl9e/

regulator whose credibility is key to U.S. market stability and trust.[28] Markets were roiled and gold surged to record highs, as investors feared that the independence of the Federal Reserve was threatened.[29]

In addition, Director Pulte has directed the Enterprises to use their resources and staffing time to pursue allegations selectively of mortgage fraud against individuals identified as political opponents of the President: an action that is not only inappropriate for an independent regulator, but also has done nothing to lower housing costs for U.S. consumers.[30]

These actions have fostered instability and uncertainty in global markets. Without independent regulators, investors and industry perceive more risk, and this political risk gets priced into what they are willing to pay for bonds, including mortgage-backed securities. These costs are passed on directly to consumers and have put upward pressure on mortgage rates. Politicized and ad-hoc housing finance regulation is not only bad governance, but also worsens the housing crisis for everyday borrowers.

Rolling Back Fair Housing Protections

Over the last year, FHFA also ended a range of fair housing initiatives and regulations. The Director ended the GSEs' Special Purpose Credit Programs (SPCPs), a profitable program for lenders that expanded access to homeownership in underserved communities by providing down payment assistance and more flexible underwriting guidelines.[31] SPCPs have also supported community development initiatives such as by providing capital for women and minority developers building affordable housing: helping to expand housing supply. SPCPs are explicitly allowed and legal under the Equal Credit Opportunity Act.[32]

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[28] Rappeport, Alan and Goldstein, Matthew. "Behind Trump's War With Powell: A Battering Ram With 3 Million Followers," *The New York Times*. July 25, 2025. https://www.nytimes.com/2025/07/25/business/trump-powell-bill-pulte.html

[29] Liu, John. "Gold just hit a record $5,000. What's driving the surge?" *CNN*. January 26, 2026. https://www.cnn.com/2026/01/25/business/gold-record-trump-global-concerns-intl-hnk

[30] Cornelissen, Sharon. "Blaming Consumers for Mortgage Fraud Won't Solve Our Housing Crisis." *American Banker* Op-Ed, May 2025. https://www.americanbanker.com/opinion/blaming-consumers-for-mortgage-fraud-wont-solve-our-housing-crisis

[31] Director William J. Pulte, (@pulte), Tweet. March 25, 2025. https://x.com/pulte/status/1904621959213965690?ref_src=twsrc%5Egoogle%7Ctwcamp%5Eserp%7Ctwgr%5Etweet

[32] Consumer Financial Protection Bureau. "Using Special Purpose Credit Programs to Serve Unmet Credit Needs." July 2022. https://www.consumerfinance.gov/about-us/blog/using-special-purpose-credit-programs-to-serve-unmet-credit-needs/

Just this last week, FHFA published the final rule repealing its regulation on Fair Lending, Fair Housing, and Equitable Housing Finance Plans.[33] This represents a significant rollback of fair lending oversight and limits the way that FHFA holds the GSEs accountable to how their business practices are impacting underserved borrowers and communities. This rulemaking will likely exacerbate long-standing racial disparities in homeownership, including the persistent 30-point homeownership gap between Black and white Americans.[34]

Alongside other attacks on fair housing and disparate impact across the federal government over the last year, this action will further undermine fair housing access. Virtually all consumers benefit from this consumer protection, as the Fair Housing Act covers a wide range of protected classes: protecting not only consumers of color, but also those with a disability, women, and families with kids, for example.[35]

All of this is happening while the United States is facing one of its most severe housing crises in decades. Single-family home prices have grown faster than median incomes in almost all metro areas, making it very difficult for first-time homebuyers to make the jump from renter to homeowner.[36] Homeownership has become out of reach for too many working families. Just 20 percent of consumers believe now is a good time to buy a home, down from 26 percent in December 2024.[37] Opportunities for first-time homebuyers are especially slim. Research by the National Association of Realtors found that in 2025, only *one of five* homebuyers buying a home were first-time homebuyers, a record low. These first-time homebuyers were older than ever before, as the median age of first-time homebuyers reached 40 years old in 2025.[38]

This housing crisis calls for comprehensive, ambitious housing policy, a kind that is based on actual analysis, part of a broader affordability agenda for American families, and truly leverages

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[33] Fair Lending, Fair Housing, and Equitable Housing Finance Plans. 91 Fed. Reg. 5278. (February 6, 2026) https://www.federalregister.gov/documents/2026/02/06/2026-02325/fair-lending-fair-housing-and-equitable-housing-finance-plans

[34] National Association of Realtors. "Black Homeownership Rate Sees Largest Annual Increase Among Racial Groups But Still Trails White Homeownership Rate by Almost 30 Percentage Points." March 2025. https://www.nar.realtor/newsroom/black-homeownership-rate-sees-largest-annual-increase-among-racial-groups-but-still-trails-white-homeownership-rate

[35] National Fair Housing Alliance. "2025 Fair Housing Trends Report." November 2025. https://nationalfairhousing.org/wp-content/uploads/2025/11/2025-NFHA-Fair-Housing-Trends-Report.pdf

[36] Whitney, Peyton. "Home Prices Surge to Five Times Median Income, Nearing Historic Highs." Joint Center for Housing Studies of Harvard University. October 26, 2025. https://www.jchs.harvard.edu/blog/home-prices-surge-five-times-median-income-nearing-historic-highs

[37] Thomas, Alex and Sherlock, Maegan. "Consumer confidence wavers amid economic uncertainty." John Burns Research and Consulting. April 18, 2025. https://jbrec.com/insights/economic-fears-change-homebuying-plans/

[38] National Association of Realtors. "First-time Home Buyer Share Falls to Historic Low of 21 Percent, Median Age Rises to 40." November 4, 2025 https://www.nar.realtor/newsroom/first-time-home-buyer-share-falls-to-historic-low-of-21-median-age-rises-to-40

the potential of our housing finance system to lower housing costs and promote broad homeownership affordability and access.

<u>Our Housing Finance System Can be a Key Policy Tool to Promote Broad Homeownership Affordability and Access</u>

To conclude this testimony, I want to highlight three priorities that can help ensure our secondary mortgage finance system supports affordable, sustainable homeownership and serves as a powerful tool in addressing the housing crisis.

1. **Congress needs to take the lead on a long-term plan for Fannie Mae and Freddie Mac: one that protects the public interest and maintains broad and affordable access to mortgages in the long term.**

Over the last year, the Administration has proposed and planned for a range of conflicting plans around the future of Fannie Mae and Freddie Mac. On the one hand, the U.S. Treasury engaged housing stakeholders in roundtable meetings to solicit input on what is likely conceived as an administrative exit from conservatorship. On the other hand, Director Pulte and President Trump publicly endorsed plans for what they branded as an "IPO" (initial public offering), seeking to sell off an unspecified percentage of taxpayer-owned Fannie Mae and Freddie Mac stocks to private investors.

These plans have created deep uncertainty for consumers, for investors, and for industry about what the long-term future for the Enterprises look like. Given the importance of Fannie Mae and Freddie Mac to the U.S. economy, and their central role in helping ensure broad and affordable access to mortgage credit, any plan for their future should not be conceived lightly. Fannie Mae was founded in 1938: the future of the Enterprises should be planned with the next half a century of mortgage finance in mind, rather than being focused on short-term political talking points.

An important starting point is that Fannie Mae and Freddie Mac are working well. There is no urgency in conceiving a quick fix, for what has been a very stable system over the last 18 years of conservatorship, which has safeguarded the safety and soundness of our housing finance system, and secured broad and affordable mortgage access for consumers. Getting it wrong also comes with enormous risks, as breaking the secondary market would not only raise costs and limit mortgage access, but could also destroy features of mortgages that we all have come to rely on: such as the ability to lock-in a rate with your lender before the day of your home closing, or to sell your home before the thirty years of your mortgage is up. Not to mention the knock-on effects on capital markets more broadly.

From the perspective of the Consumer Federation of America, any long-term plan for Fannie Mae and Freddie Mac should put consumers' needs first, and ensure that a changing structure does not (a) push up long-term mortgage rates; or (b) compromise broad and affordable access to mortgage credit in all parts of the country.

Future plans should prioritize adequate regulatory oversight, including the Consumer Financial Protection Bureau (CFPB) *in the primary market*, to oversee adequate consumer protections in mortgage underwriting and servicing. After all, a lack of consumer protections led lenders to underwrite mortgages that consumers had no ability to repay in the 1990s and 2000s, and led millions of Americans to lose their homes and millions more to lose their jobs in the long Recession that followed. Consumers do not want a repeat of such unsafe and predatory credit practices: a strong, well-staffed CFPB is essential to overseeing consumer credit and the primary mortgage market, and to provide a sound foundation to the secondary mortgage market.

In addition, a strong FHFA would be well-staffed, independent, and focused on its dual mandate of regulating both safety and soundness and the mission-focus of the GSEs. While HERA (2008) structured the role of FHFA as a regulator, we have little experience of how FHFA would function outside of conservatorship for the Enterprises. Congressional involvement in the future of the Enterprises should also prioritize safeguarding FHFA as the strong and independent regulator that consumers need.

Finally, Congress must protect the Community Reinvestment Act (CRA) and strong oversight by prudential regulators. Access to credit occurs primarily at the primary market level. The secondary market can provide liquidity only for assets that lenders originate, and if lenders are not held to a high standard of service to the entire communities in which they operate then the GSEs' ability to serve the entire market will be compromised.

2. **FHFA needs to leverage the mission-focus of Fannie Mae and Freddie Mac to expand credit access and reach underserved communities and mortgage finance needs.**

To help tackle our housing crisis at scale, FHFA should direct the Enterprises to do what they do best: lead markets by setting standards that lenders and investors can rely on and providing liquidity at scale. Adequate access to mortgage finance remains an obstacle to homeownership in too many rural and urban markets: without access to a mortgage, homeownership remains out of reach for most people.[39]

[39] *See* Cornelissen, Sharon. "Mortgage Deserts: Mapping Which Rural and Urban Communities Remain Left Behind By Mortgage Finance." Consumer Federation of America report, October 2025.

Unlocking financing needs is not simply a "demand-side" solution: by unlocking financing needs, the Enterprises can also unlock the supply of homes that otherwise remain out of reach for too many homebuyers and help promote affordability. Without mortgage access, markets often remain dominated by private investors or buyers have to rely on mortgage-alternative financing products with few consumer protections, which diminishes homeownership opportunities.[40]

Specifically, FHFA should reinstate the previous Affordable Housing Goals – goals that were set at or slightly above expected market levels and the product of extensive public review and comment – to truly direct the Enterprises to lead the market and help drive more mortgage origination to underserved communities and borrowers.

Moreover, the Enterprises should deploy their market power and statutory mission to further expand mortgage credit to hard-to-reach markets and housing types. For example, they can support mortgage liquidity for non-profit shared equity homeownership and better support a secondary market for mission-focused mortgages originated by CDFIs. The Enterprises can also take a greater role in developing securitization products that boost the availability of small mortgages, a persistent need in many rural and urban communities.[41] Finally, the Enterprises should be a part of expanding homeownership opportunities by reversing their decision to stop providing secondary market support for Special Purpose Credit Programs (SPCP).

FHFA should encourage the Enterprises to not only develop these products, but also to keep improving and marketing them, to help drive broader adoption of piloted products.

3. **Congress and FHFA should leverage the missed opportunities at the Federal Home Loan Banks to expand investments in housing supply and homeownership.**

Congress and FHFA should not forget about the Federal Home Loan Banks, another government-sponsored enterprise that exists alongside Fannie Mae and Freddie Mac, and is similarly regulated by FHFA.

The Federal Home Loan Bank System was founded in 1932 to help lower housing costs by supporting affordable liquidity for institutions engaged in home mortgage lending during the Great Depression. Its members today include banks, credit unions, insurance companies and

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https://consumerfed.org/reports/mortgage-deserts-mapping-which-rural-and-urban-communities-remain-left-behind-by-mortgage-finance/
[40] Ibid.
[41] The Pew Charitable Trusts. "Small Mortgages Are Too Hard to Get." Issue Brief, June 2023. https://www.pew.org/en/research-and-analysis/issue-briefs/2023/06/small-mortgages-are-too-hard-to-get

CDFIs, who receive access to its low-cost advances – which they can use for any purpose – in exchange for putting up housing-related collateral.

The Congressional Budget Office estimates that the FHLBanks receive around $7.3 billion a year in indirect government subsidies.[42] These subsidies are not appropriated by Congress, but rather flow from the System's status as a GSE: the most notable GSE benefit is the "implied guarantee," which enables the FHLBanks to issue debt at rates only slightly above Treasuries.[43] The FHLBanks mostly pass on this public subsidy to their bank and insurance company members in the form of lower-cost advances and generous dividend payouts.

Just like Fannie Mae and Freddie Mac prior to conservatorship, as a GSE the FHLBanks represent a unique public-private hybrid. With this structure, it always faces tension between pursuing private profits for stockholders versus providing public benefits.[44] In recent years, private profits seem to have won out over public benefits. Indeed, in 2024, the FHLBanks made $6.36 billion in profits, of which they paid out over 50 percent ($3.7 billion) as dividends to private members.[45]

FHLBs have an opportunity to make a more significant impact on housing affordability, by more closely leveraging their books, business model, and activities with their housing mission.

One low-hanging fruit for Congress is to increase the minimum that FHLBanks need to contribute to Affordable Housing Program contributions each year. Since 1989 Congress has required the FHLBanks to contribute a minimum of 10 percent of their net income annually to the Affordable Housing Program (AHP), which funds grants for affordable housing initiatives around the country. In recent years, after pressure by housing advocates, FHLBanks have contributed additional housing funds over this 10 percent floor, also called "voluntary contributions."

These housing contributions, however, remain very low when compared with dividend payouts, as well as when compared to executive compensation across the system: in 2024, the FHLBanks

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[42] Congressional Budget Office, "The Role of Federal Home Loan Banks in the Financial System." March 2024. https://www.cbo.gov/publication/60064

[43] This is a similar GSE structure and benefit as Fannie Mae and Freddie Mac (prior to conservatorship). See also discussion earlier in this testimony.

[44] Layton, Don. "The GSE Public-Private Hybrid Model Flunks Again: This Time It's the Federal Home Loan Bank System (Part 1)." The Stoop, NYU Furman Center Blog, March 2024. https://furmancenter.org/thestoop/entry/the-gse-public-private-hybrid-model-flunks-again-this-time-its-the-federal-home-loan-bank-system-part-1

[45] Chivakula, Avinash and Sharon Cornelissen. "A Government-Sponsored Banking System That Spends More on Salaries Than on Housing? An Analysis of 2024 Financial Data." Consumer Federation of America Blog, May 2025. https://consumerfed.org/a-government-sponsored-banking-system-that-spends-more-on-salaries-than-on-housing-an-analysis-of-2024-financial-data/

spent more on executive compensation and benefits ($859 million) than on AHP contributions ($856 million, of which $718 million was statutory), including by paying 31 executives across the system over $1 million dollars in compensation.[46]

Congress should require FHLBs to increase their AHP obligations from 10 percent of net income to 30 percent, which would result in an estimated additional $1.2 billion a year going to housing investments. This funding would not require additional appropriations but would help support affordable housing construction and downpayment assistance for homebuyers across the country.[47]

[46] Consumer Federation of America, "CFA Asks Senate Banking to Investigate Excessive Executive Compensation in FHLBank System." April 2025. https://consumerfed.org/testimonial/cfa-asks-senate-banking-to-investigate-excessive-executive-compensation-in-fhlbank-system/

[47] This estimate is based on an expected, System-wide 2025 net income of $6 billion (2025 annual results will not be published until later in 2026).

Appendix A: Fact Sheets about Fannie Mae and Freddie Mac, Published by the Consumer Federation of America (September 2025)

FANNIE MAE AND FREDDIE MAC:
WHAT ARE THEY? WHY DO THEY MATTER?

The US government created **Fannie Mae** in 1938 and **Freddie Mac** in 1970 to help support affordable mortgages by increasing liquidity in the mortgage market and to help more American families become homeowners. Fannie Mae and Freddie Mac, also known as the Enterprises, are government-sponsored enterprises (GSEs) and are regulated by the Federal Housing Finance Agency.

HOW DO FANNIE AND FREDDIE PROMOTE HOMEOWNERSHIP?

The Enterprises helped pioneer the **30-year fixed-rate mortgage** in the US, which has helped bring homeownership within reach of millions of families. Today, as the credit guarantor of the **mortgage backed securities (MBS)** cash flows, they continue to hold lenders to standardized underwriting standards that benefit consumers and support the safety and soundness of the housing market. The GSE MBS market is one of the most liquid in the world: the structure of this market makes long-term, prepayable, fixed-rate mortgages possible.

WHAT IMPACT DO THEY HAVE ON AFFORDABLE HOUSING?

The Enterprises support the steady flow of money into the mortgage market, allowing American families to safely access loans and purchase homes. They stabilize the housing market, which helps to **decrease mortgage costs.**

Congress requires Fannie Mae and Freddie Mac to engage in the Duty to Serve program and meet their annual Affordable Housing Goals. These programs ensure that the GSEs remain focused on their public mission, and also serve our nation's underserved markets and mortgages for low- and moderate-income families.

59%

Fannie and Freddie now back over half of all mortgages in the U.S.[1]

Consumer Federation *of America*

1 "National Mortgage Database," (2023) as cited in "2025-2027 Enterprise Housing Goals," 89 Fed. Reg. 70,128 (August 29, 2024).

FANNIE MAE AND FREDDIE MAC:
HOW DOES THE SECONDARY MARKET WORK?

The **secondary mortgage market** makes home loans more accessible by allowing lenders to free up funds and offer **more mortgages at more affordable rates**. Without this market, lenders would have less money to lend, leading to higher interest rates and fewer borrowers qualifying for loans. The secondary market includes Fannie and Freddie securities, Ginnie Mae securities that bundle loans insured by the FHA, VA and Rural Housing, and private label securities. The GSEs guarantee the timely payment of principal and interest to the MBS investors from the underlying mortgages, and charge a "guarantee fee."

First, a customer obtains a mortgage underwritten, funded, and serviced by a lender.

As of 2024, it is estimated that **70% of mortgages** are sold into the secondary market.[1]

The lender can then either...

retain the mortgage with the other loans it has.

sell the mortgage in the **secondary market**, replenishing its funds and allowing it to finance more customers.

Mortgage aggregators, including Fannie and Freddie, sell these mortgages in the form of **mortgage-backed securities (MBS)** to a securities dealer.

The securities dealer, likely a Wall Street brokerage firm, sell the **MBS** to investors.

THE SECONDARY MARKET BENEFITS HOMEBUYERS BY...

- keeping mortgage rates lower.
- standardizing mortgage interest rates nationwide.
- offering longer-term mortgages, like the 30-year fixed-rate loan.
- allowing homeowners to refinance easily.

Consumer Federation of America

1 Fields, S. (2024, February 6). Why does a bank sell your mortgage? Marketplace. https://www.marketplace.org/story/2024/02/06/why-does-a-bank-sell-your-mortgage

This chart was originally produced by the Underserved Mortgage Market Coalition.

FANNIE MAE, FREDDIE MAC, and CONSERVATORSHIP

Fannie and Freddie entered conservatorship in 2008, when they were at risk of financial collapse due to widespread mortgage failures. Per the 2008 HERA legislation, the Federal Housing Finance Agency (FHFA) became the companies' conservator and the Treasury provided over $185 billion in taxpayer support, in the form of senior preferred stock purchase agreements (SPSPAs). **Conservatorship was not designed as a permanent fix.**

Conservatorship has supported **safety and stability** in the mortgage market and has helped restore the trust of investors in America's mortgages while keeping rates steady.

WHY DO SOME PEOPLE WANT TO SEE A RELEASE FROM CONSERVATORSHIP NOW?

Some housing industry groups believe government restrictions stifled efficiency and innovation at the Enterprises, and hope that once out of conservatorship, these GSEs will be more responsive to industry feedback. Several hedge fund billionaires are also actively lobbying for an exit to conservatorship, as they invested in Fannie Mae and Freddie Mac stock and stand to financially benefit from a release. However, **the Enterprises' operations in the years leading up to the financial crisis of 2008 have been widely scrutinized for placing profit ahead of safety and soundness**. Some housing advocates and policy experts also argue that conservatorship is working well for American homeowners – why fix what isn't broken.

WHAT ARE THE DOWNSIDES OF RELEASING THE ENTERPRISES FROM CONSERVATORSHIP?

A release of a trillion-dollar housing finance system is complex and demands sufficient private capital to stand on its own. **Rushed release could introduce greater market risk, undermine investors' trust, and drive up mortgage rates.** Today's housing market is stressed and many American families worry about high mortgage interest rates: This is not the time for major structural changes.

Consumer Federation of America

FANNIE MAE, FREDDIE MAC, and the **AFFORDABLE HOUSING GOALS**

Congress requires Fannie and Freddie to **support affordable housing finance**. Every three years, the Federal Housing Finance Agency (FHFA) sets benchmarks for the Enterprises to improve access to housing finance in the nation's underserved markets, including **lower-income families** and **lower-to-moderate income neighborhoods.** The Affordable Housing Goals (AHGs) help ensure that the Enterprises serve all borrowers, not only the most profitable ones.

The goals specify the percentage of overall qualified loan purchases for each year and are broken up into two categories: **single-family housing** and **multifamily housing.**

ARE THE AFFORDABLE HOUSING GOALS EFFECTIVE?

The goals ensure Fannie and Freddie purchase more mortgages in underserved markets than they would if left to focus solely on profit. Their dominance in the mortgage market extends beyond their own purchases – Fannie and Freddie set the underwriting standards, credit availability and risk appetite, and mortgage product mix in the U.S. mortgage market at large. Advocates argue that to have a greater impact on increasing access to affordable housing financing, FHFA must set more ambitious benchmarks.

WHY ARE THEY IMPORTANT NOW?

With the U.S. facing an ever worsening housing crisis, is more important than ever to keep FHFA accountable for upholding one of the most basic tenets of the Enterprises' mission: **providing affordability in the mortgage market.**

The Congressional Budget Office estimated that the goals will result in the purchase of about **37,000 additional eligible mortgages in 2025**.

Consumer Federation of America

FANNIE MAE, FREDDIE MAC, and DUTY TO SERVE

Duty to Serve (DTS) is a requirement set by Congress, directing Fannie Mae and Freddie Mac to **support affordable housing** in specific enumerated ways. Passed under the bipartisan Housing and Economic Recovery Act of 2008 (HERA), it directs the Enterprises to help develop loan products and flexible underwriting to **serve low-to-moderate income families** in three underserved markets:

- **Manufactured Housing:** To help support more mortgages for factory-built homes (that comply with the federal HUD code) for low-to-moderate income families.
- **Affordable Housing Preservation:** To help maintain and improve existing affordable housing, such as older rental properties and federally subsidized housing for low- and moderate-income families.
- **Rural Housing:** To support housing finance needs in rural areas, where mortgage options are often limited and housing challenges are unique.

WHAT IMPACT DOES DUTY TO SERVE HAVE ON THE HOUSING MARKET?

FHFA requires Fannie and Freddie to submit Duty to Serve Strategic Plans and invites the public to offer feedback to the Enterprises. These plans aim to **spur research, pilot programs, and innovation** on how to best serve these three underserved markets. This may include new loan products, targeted educational outreach, or fostering closer working relationships with small lenders in rural communities. Congress requires the Enterprises to develop and implement these strategic plans every three years, which help the Enterprises reach less profitable markets, while **innovating loan origination practices that can deliver on credit needs** for people and places across the country.

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