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Families need a lifeline, but Trump's regulator tosses them an anchor

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While Congress struggles to throw a critical lifeline to American families still suffering under the worst economic crisis the nation has seen in 100 years, the Trump administration has just thrown homeowners an anchor, instead. Late Wednesday, the regulator of the U.S. mortgage market, the Federal Housing Finance Agency, announced that it would impose a half-a-percent fee increase on all refinanced mortgages backed by mortgage giants Fannie Mae and Freddie Mac.

For someone taking out a mortgage of \$300,000, that comes to an upfront increase of \$1,500. Those who roll that cost into their loan will see their mortgage payments go up by \$300 a year. As refinancing is highly sensitive to even a small change in mortgage rates, many considering taking advantage of the recent drop in rates will no longer find it worth the cost.

Let that sink in a minute. At the very moment families desperately need cash in their pockets, President Trump's mortgage regulator has decided to take cash out of their pockets. It's a move so head-scratching that even the White House has expressed concern.

One of the most effective ways that policymakers have found to help in recent months has been in the mortgage market, where the Federal Reserve has bought more than \$2 trillion of Fannie and Freddie's mortgage-backed securities and debt, driving mortgage rates to historic lows, which has helped support home sales and saved refinancing homeowners billions of dollars each month. The FHFA's move will reverse that stimulus, raising rates on the very mortgages the Fed is working to reduce. In effect, the administration is taking this giant pipeline of stimulus intended for homeowners and redirecting it to fill the coffers of Fannie and Freddie.

Why on earth are they doing this? The reason appears to be that it will speed the effort of the Trump administration to put Fannie and Freddie, which are still under government conservatorship, back into the hands of private shareholders. The bigger their profits, the faster they can build up the capital they need to hasten their release from government control. The

sooner, that is, we can return to the same system we had before the 2008 housing crisis. You know, because that system worked so well.

Let *that* sink in. Trump's regulator is taking taxpayer-funded stimulus intended to help homeowners get through an economic crisis, and using it instead to help return the nation to the very housing finance system that helped drive us into the last economic crisis.

While it is certainly important to get Fannie and Freddie out of conservatorship, that needs to be done in a way that reforms the housing finance system, not simply lines the pockets of shareholders. And not in a way that undermines efforts to keep the economy afloat during the pandemic.

Little can be done to stop the move now it seems, but it should be called out for what it is: a tax on families at the worst possible time, for the worst possible reasons.

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