September 5, 2025

The Honorable Scott Bessent
Secretary, U.S. Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, DC. 20220

The Honorable William Pulte
Director, Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20219

Dear Secretary Bessent and Director Pulte:

We write as independent mortgage banks (IMBs) – non-bank mortgage loan originators – to identify essential elements of a Fannie Mae and Freddie Mac exit from conservatorship. We do so in the wake of reports that the Trump Administration plans a public offering of these two entities later this year.

IMBs - predominately small businesses, with roots in the local community - play a critical role providing mortgage loans for first-time homebuyers, including veterans, minorities, and families in rural areas. IMBs originate 83% of all mortgage loans and 75% of all Fannie/Freddie loans [see **2024 IMB Report**].

Following are key policy recommendations for a conservatorship exit - to protect small mortgage lenders, maximize competition and consumer choice, and boost homeownership in a safe and sound manner:

G FEE PARITY AND A COMPETITIVE CASH WINDOW

We enthusiastically commend the first Trump Administration for its adoption of a **PSPA Amendment** [see page 8 for language] that mandates G Fee Parity and a robust, fully competitive cash window.

G Fee parity precludes one of the most pernicious pre-2008 housing crisis practices - preferential pricing for large, reckless lenders like Countrywide and WaMu. A robust competitive cash window ensures that Fannie and Freddie purchase **all** qualified single family loans from **all** approved seller-servicers, at rates that are competitive with lender securitizations, with a lender option whether or not to retain servicing.

A conservatorship exit could create incentives to return to practices which unfairly favor mega-lenders. **Thus, the PSPA G Fee Parity/Cash Window provisions should be retained and incorporated to the strongest degree possible in the legal framework used for any GSE conservatorship exit.**

NO WALL STREET BANK CHARTERS FOR GSE LOANS

During the last Congressional consideration of GSE reform, there was a push to permit GSE charters for large Wall Street Banks, like JP Morgan and B of A. This approach was abandoned when Senate Banking Committee hearings concluded this would harm small lenders. Competition should be at the mortgage origination level – and not at the level where a GSE guarantee is granted to a handful of mega-lenders. **New GSE charters should not be allowed, giving preferential treatment to a few mega-lenders. Nor should preferential treatment be given through mechanisms like up-front risk sharing or granting a few mega-lenders access to the Common Securitization Platform ("U.S. Fin-Tech").**

KEEP FANNIE AND FREDDIE SEPARATE UNDER A UTILITY MODEL

Maintaining Fannie and Freddie as two separate GSEs is vital to competition and market accountability. **Fannie and Freddie should not be combined into a market monopoly. Further, the GSEs should operate under a Utility Model with authority to cap excessive G Fees or bar unduly risky loans.**

GSES SHOULD MAINTAIN CRITICAL MORTGAGE LOAN PRODUCTS

Stockholder earnings pressures after a GSE exit from conservatorship could create incentives for Fannie and Freddie to abandon critical lower volume mortgage loan products due to lower loan revenue potential. **The GSEs should maintain critical mission-based mortgage loan products - for condominiums, second homes, manufactured homes, investor-owned homes, and homes in rural areas.**

THE GSES SHOULD PURCHASE MBS TO LOWER MORTGAGE RATES

High mortgage rates are the top barrier to first-time homeownership. The President has called on the Fed to cut interest rates and Treasury Secretary Bessent has stressed the importance of mortgage affordability. **Fannie/Freddie can help with temporary, opportunistic purchases of MBS to cut mortgage rates - while mortgage rates remain at historically high margins over 10-year Treasuries.**

Sincerely,

Acrisure/FBC Mortgage
Allied Mortgage Group
AnnieMac Home Mortgage
Arizona First Mortgage LLC
Atlantic Bay Mortgage Group, L.L.C.
Bond Street Mortgage LLC
Churchill Mortgage Corporation
Click n' Close, Inc
Developer's Mortgage Company
Diamond Residential Mortgage Corporation
Encompass Lending Group
Equity Resources, Inc.
Evergreen Home Loans
FEMBi Mortgage
First Equity Realty Corporation
First Option Mortgage
1st Priority Mortgage Inc
FirstTrust Home Loans, Inc.
FM Home Loans
Golden Empire Mortgage, Inc
Greenway Mortgage Funding Corp
Hallmark Home Mortgage
Hometrust Mortgage Company
Homewise, Inc
HomeXPress Mortgage Corp.
Kellum Mortgage, LLC
Landmark Professional Mortgage Company
Mission Mortgage of Texas, Inc.
MLB Residential Lending, LLC
NewFed Mortgage
NFM Lending, LLC
NQM Funding
Paramount Residential Mortgage Group, Inc.
Priority Financial Network
Republic State Mortgage Co.
Residential Wholesale Mortgage, Inc
Rosegate Mortgage
Stockton Mortgage Corporation
Sun American Mortgage
Tidewater Home Funding, LLC
Towne Mortgage Company
Trinity Oaks Mortgage, LLC
Union Home Mortgage Corp.
United Home Loans, Inc.
Victorian Finance LLC
WK Halick