



Our Perspectives:

Commentary on the economy & regulatory policies affecting financial companies

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Has the Debate on GSE Reform Reached a Tipping Point?*

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Current data on single-family mortgages purchased by Fannie Mae and Freddie Mac indicates that we may have reached a tipping point in the debate over GSE reform.

SEC filings by Fannie Mae show that during 2015 the weighted average credit score for single family mortgages acquired by Fannie Mae was 748, and only 6% of the single-family mortgages acquired by Fannie Mae in 2015 had a credit score of less than 660. Similarly, SEC filings by Freddie Mac show that during 2015 the weighted average credit score for single-family mortgages acquired by Freddie Mac was 751, and only 7% of the single-family mortgages acquired by Freddie Mac in 2015 had a credit score of less than 660.

Recall that these two firms have received over \$187 billion in support from the Treasury Department, and continue to operate because their mortgage securities are backed by the Treasury Department. Given this level of taxpayer support, members of Congress may find it increasingly difficult to avoid reforming a system that primarily is serving mortgage borrowers at the very high end of the credit box.

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