

Fannie, Freddie Should Be Returned To Private Sector, Trump's Pick For Treasury Says

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Steve Mnuchin, President-Elect Donald Trump's pick to lead the U.S. Department of the Treasury, said during an interview this week that he is in favor of restructuring Fannie Mae and Freddie Mac and returning the two companies back to the private sector.



"We've got to get Fannie and Freddie out of government ownership – it makes no sense that these are owned by the government and have been controlled by the government for as long as they have," the former Goldman Sachs executive and former chairman of OneWest Bank said [during an interview with Maria Bartiromo of Fox News](#) on Wednesday.

Mnuchin, who also proposes mostly dismantling Dodd-Frank, told Bartiromo that Fannie and Freddie would be restructured so that "they'll be safer" and won't need to get taken over by the government again.

When asked how quickly this might happen, considering the complexities at hand, Mnuchin said that "it's right up there in the top 10 list of things we're going to get done – and we'll get it done reasonably fast."

When asked why the Obama administration didn't tackle the issue of government-sponsored enterprise (GSE) reform despite cries from the industry to do so, Mnuchin said it simply wasn't a priority for that administration. "If it had been a priority, [the Obama administration] would have [gotten it done]," he said.

In an interview with *MortgageOrb*, David G. Kittle, president of The Mortgage Collaborative and former chairman of the Mortgage Bankers Association, said the main reason the Obama administration didn't want to return Fannie and Freddie to the private sector was because all of the companies' profits were being swept to the Treasury.

"There's been no interest in GSE reform from the Obama administration, given the cashflow into the Treasury [Fannie and Freddie] have produced for them," Kittle said.

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"I support privatization, with a substantial reduction in the guarantee fees, given the high quality of the loans that are being produced," Kittle added. "However, what is needed is a stated housing policy. One that supports a grossly under-funded and under-staffed Ginnie Mae, expands and streamlines the Federal Housing Administration [FHA] multifamily programs to address affordable rentals, and reduces the mortgage insurance premiums on FHA single-family loans.

"[With] a Hispanic population that represents the largest block of future homeowners, how will we effectively finance them?" Kittle asked rhetorically. "It's bigger than the GSEs being privatized – the Trump administration needs to accept counsel from industry practitioners to help form a long-term housing policy that speaks to all the stated issues."