This week the Trump Administration released a memo directing several agencies to develop comprehensive housing finance reform plans — the most significant policy development in the decade since Fannie Mae and Freddie Mac were put into conservatorship, notes AAF’s Director of Financial Services Policy Thomas Wade. In a new Insight, Wade analyzes the memo, contending that it is an immense step in the right direction while not without flaws.

His points:

- The presidential memo has significant policy implications, focusing on increasing the soundness of Fannie Mae and Freddie Mac and increasing competition in the secondary mortgage market;
- The memo also sets out quite low requirements for ending the conservatorship of Fannie and Freddie, indicating that the administration favors the “recap and release” approach to reform for the mortgage giants; and
- Congress has been able to make positive but minor steps towards reform, but for the needed reforms to occur, the administration will need to take the initiative — and this memo indicates that it is.

Read the analysis.