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The Newswire of Consumer Credit

Mon, November 11
Online for 52 minut

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Rep. Markey Aide Blasts Fannie, Freddie for Heavy-Handed Politicking

NEW YORK, May 9 (LendingIntelligence.com) — The legislative director of a congressman who sponsored a bill that would require [Fannie Mae](#) and [Freddie Mac](#) to disclose their financial performance like other publicly traded companies lashed out at the government-sponsored enterprises today, implying that they are exerting too much political muscle to defeat the legislation.

“We know that Fannie and Freddie have been actively lobbying industry groups to get them to come out against the legislation so the [[Mortgage Bankers Association of America](#)]’s statement does not surprise me,” said Jeff Duncan, the top aide to Rep. Edward Markey (D-MA).

Duncan was referring to the MBA’s denouncement today of the Uniform Securities Disclosure Act (HR 4071), which was introduced in the House of Representatives on March 20 by Markey and Rep. Christopher Shays (R-CT).

In a statement, the MBA said it “supports increased disclosure by the GSEs on their debt, equity and mortgage-backed securities to at least meet the standards applied by the [[Securities and Exchange Commission](#)] to private companies that issue securities. MBA does not endorse the specifics of the Shays-Markey legislation, because it raises unresolved issues, such as: the potential impact on the affordability of homeownership and rental housing; the efficiency of the housing finance market; and the potential of unnecessary additional liability of mortgage lenders.”

Fannie Mae and Freddie Mac, each chartered by Congress, have the implied backing of the Treasury Department. Both are publicly traded companies that purchase home loans, but are not required to abide by SEC regulations.

Duncan said the MBA’s claims “are inaccurate and a blatant

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exaggeration. All this bill does is require [the GSEs] to comply with the same financial disclosure requirements of every other company in America that issues securities.”

Officials at Fannie Mae and Freddie Mac denied exerting pressure on any industry organization.

“It is not true that we pressured the MBA,” said Sharon McHale, a spokeswoman at Freddie Mac. “While we have certainly not hesitated to make our position known, we haven’t pressured others to come out against it.”

Said Janice Daue, a spokeswoman at Fannie Mae, “We are in discussion with industry groups on a wide range of topics. Keep in mind that 12 members of Congress signed a letter in opposition to this bill, and this proposal has come and gone before, for very good reasons.”

A spokesman for the MBA denied the group was pressured by Fannie or Freddie to lambast the proposed legislation.

“We certainly invited the input of both Freddie and Fannie, as we did for a number of interested parties, but I definitely would not say we were pressured,” said Stephen O’Connor, vice president of government affairs for the MBA. “We are an independent organization that makes independent decisions. They gave us input, and I did not see pressure. They were being an effective advocate, as others have been.”

“Ultimately, while we commend the congressmen,” added O’Connor, referring to Reps. Shays and Markey. “We felt that requiring the GSEs to register debt equity and mortgage-backed securities with the SEC raised some questions we were not able to answer.”

The Shays-Markey bill remains under consideration by the House Financial Services Committee, said Duncan, Rep. Markey’s aide.

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