



FOR IMMEDIATE RELEASE

LTVtrade comments on FHFA whitepaper on the Secondary Mortgage Market

New York City, NY – (December 4, 2012) — LTVtrade® submitted comments due Monday to the Federal Housing Finance Agency (FHFA) in response to its request for input on the FHFA whitepaper “Building a New Infrastructure for the Secondary Mortgage Market.”

In February of 2012, FHFA Acting Director, Edward DeMarco sent Congress a strategic plan for the next phase of conservatorships of Fannie Mae and Freddie Mac (the Enterprises) which included among its strategic goals the Agency’s plan to build a new infrastructure for the secondary mortgage market under a “public utility” construct. DeMarco’s letter further stated that “the platform itself will be one way American taxpayers realize a return on their substantial investment in the Enterprises.”

FHFA was created in 2008 by law as an independent agency and unified regulator with power to oversee Fannie Mae, Freddie Mac, and the 12 Federal Home Loan Banks. LTVtrade believes FHFA efforts under this plan will expand the government’s operating role in housing finance sector rather than shrink it, will further crowd out the opportunity for private actors or private initiatives to take hold in the marketplace, and long term, will put taxpayers at greater risk.

“When power is concentrated in a single government agency for policy-making, regulation, and acting as owner or operator of a national service, the long term result is usually poor service, inefficiency, a lack of competition, and minimal innovation,” stated Dean DiCarlo, President and Founder of LTVtrade. “We believe FHFA’s plans are a step backward as it will lead to a further consolidation of power over a critical sector of the US economy and within a sole entity, FHFA itself.”

In its submitted response to FHFA, LTVtrade recommended that FHFA commit to not building and operating any additional secondary market infrastructure. Instead, LTVtrade recommended that FHFA:

- As the unified regulator for the housing finance sector, catalyze private sector participation in a new secondary market infrastructure.
- License one or more private entities with exclusive authority to build and operate this infrastructure.
- Mandate that a certain percentage of Enterprise business be conducted over these privately operated platforms.

According to a report to Congress entitled “Reforming America’s Housing Finance Market” and authored by the US Department of the Treasury and the Department of



Housing and Urban Development (HUD) and released in 2011, “private markets - subject to strong oversight and standards for consumer and investor protection - will be the primary source of mortgage credit and bear the burden for losses.” LTVtrade believes that FHFA’s plan to build and operate the secondary market infrastructure itself is incongruent with the goal of creating private markets and that by opening up the operation of the secondary market platform to private sector actors, FHFA can take the first real step toward bringing private enterprise back into the housing finance sector.

For additional information on LTVtrade, please visit www.ltvtrade.com.

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About LTVtrade: LTVtrade® seeks to alter the business of residential whole loan mortgage and residential REO trading through the LTVtrade Marketplace - an open, accessible, and transparent, secondary market platform which focuses on meeting the needs of the largest and smallest financial institutions, small local funds and savvy accredited investors. The LTVtrade Services Continuum enhances the trading experience by providing buyers and sellers with access to a network of industry experts and best-in-class service providers.

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