

DJT Housing Program

Ending the GSE Conservatorships and Expanding Housing Supply

By ending the conservatorships of the GSEs this Administration will effectively cement their housing policies in perpetuity, leaving a lasting legacy of solving the housing affordability crisis through the construction of Trump Homes and Trump Villages.

If this Admin does not end the conservatorship, and the WH turns over, President AOC and the Dems will ruin everything. The GSEs will be used as piggy banks to fund the radical Democrat agenda. Those who claim ending the conservatorship “cant be done” or is a “huge risk to the mortgage market” are either Panicans, not being intellectually honest, or they have ulterior motives.

*The goal with setting the process in motion **now** is to codify Republican housing reforms, solve the affordability crisis by 2028 (and get it in motion for mid-terms) and ensure the GSEs support hard working Americans wanting to buy a home*

- MBS spreads are at multi year lows – this is due to the market repricing the risk of these enterprises due to their fortress balance sheets and the recent actions by the Admin
 - Right now, as the result of actions of President Trump’s appointees, the GSEs have never been financially stronger -- with \$173bn in capital combined, compared with only \$50bn just prior to the 2008 financial crisis.
 - Explicit, limited backstop for GSEs is already in place in the form of \$254bn remaining capacity on the Preferred Stock Purchase Agreements.
 - Implicit guarantee will be more solid than ever when the GSEs exit conservatorship due to President Trump’s making it explicit on Truth Social – No future President will ever walk back the implicit guarantee
 - Government support for the GESs is reflected in the MBS market which has tightened 1.5% over the past 12 months while an exit has been prepped.
 - Congress does not need to provide a new “full faith and credit” explicit guarantee which the MBS market has never had and does not have now.
- A consent decree can be signed by the companies and FHFA to allow them to exit conservatorship -- and raise new capital if regulators decide that is necessary. Effective control can be retained post-conservatorship by Treasury’s majority stock ownership, board appointments, FHFA’s regulatory power, the terms of the PSPA agreements, and litigation settlements if desired.
- Building and subsidizing new workforce housing where it’s needed most is one of the most urgent issues and can be solved by using proceeds from the monetization of the UST’s stake in the GSEs – DJT Housing Program
 - Every \$30B allocated can create ≈ 1mm new multi-family homes (assuming a mean price of \$300k/unit and a 90% LTV)
- Unlocking the housing market will be a huge boost to GDP growth in a non-inflationary way.

- **Keeping home prices and rental rates flat will help solve the inflation problem, which in turn can get the Fed to cut rates faster**
 - Not only does the DJT Affordable Housing Program increase affordable housing supply it also creates jobs, putting Americans to work building homes for their communities – (institute a USA citizenship requirement to work on the construction of Trump Homes)
 - **The 2026 State of the Union is an ideal forum to announce this great news for all Americans**
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A political decision needs to be made from the very top. It could be one big, beautiful announcement:

- PSPA line of credit with Periodic Commitment Fee
- Conversion of the senior pfd, with clarity on \$ notional used and price per share
- Plans for IPO capital raise, specifically size and timing, uplisting to NYSE
- Trump Homes/Trump Villages – first locations announced on federal land
- There's also a possibility for down payment assistance for first time homebuyers. Those that have been left behind by the rapid home price appreciation of the past few years. The median age of homebuyers needs to come back down.

Monetizing Treasury's investment can happen in a few different ways

- Sell part of their stake in the largest-ever IPO
- Intermittent sales, guided by Treasury, when market conditions are favorable
- As the companies become fully capitalized, they will issue large dividends, which could be viewed as long-term revenue streams to Treasury or a potential Sovereign Wealth Fund
- Treasury will need to think about what percentage of the companies they want to own long term and hand over to the next Administration. Larger ownership stakes would strengthen the implicit guarantee further and be viewed positively by the MBS market

Implicit Guarantee explained

- The implicit guarantee is NOT a bail out of the companies where they have strong capital reserves and the explicit but limited Treasury backstop going forward
- It is an assurance that investors in the mortgage backed securities protected by these companies will be made whole even if the companies fail; shareholders do not benefit from it
- This is a necessary step to keep the housing market functioning in times of stress

- Per the most recent 10-Ks there is at least \$3.5T of home equity sitting in front of the mortgages that Fannie and Freddie guarantee
- President Trump wouldn't be making promises about the implicit guarantee unless he planned to get these companies out of Conservatorship
- The GSEs would need to exhaust their \$173bn of capital reserves and the remaining \$254bn capacity under the PSPAs (for which they would be paid a Periodic Commitment Fee of 30-50bps range per Goldman Sachs) before the implicit guarantee comes into discussion

Full-faith-and-credit guarantee from Congress is a non-starter, but there are groups that use it a red-herring scare tactic to keep the GSEs in conservatorship:

- Would likely require the U.S. government to consolidate nearly \$8 trillion MBS of Fannie and Freddie, which would increase the national debt by ~20%
- Disruption to the Treasury market as GSE MBS could be viewed as a secured US government obligation while Treasuries would be unsecured
- Would be an instantaneous windfall to the current holders of MBS securities (the groups fighting the exit from Conservatorship) as mortgage spreads tighten and yields move closer to Treasuries, also pulling capital away from new investment in Treasuries

Above all, any substantive changes to the operations of the companies and their financial arrangements need to be well telegraphed to the market. This cannot be a haphazard process with competing voices saying different things.