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Cato Institute: A Co-op Can Replace Fannie and Freddie

Submitted by [bobbyw24](#) on Tue, 05/24/2011 - 12:22 in [Economy](#)

By Brian Collins

WASHINGTON—As the debate continues over the future of Fannie Mae and Freddie Mac, at least one prominent conservative think tank director believes lenders can form a cooperative to issue mortgage-backed securities without a government guarantee or backstop.

"I don't see any reason why lenders can't just create a cooperative on their own," said Mark Calabria, director of financial regulation studies at The Cato Institute. "I simply don't think they need a guarantee," the former Senate Banking Committee staffer told this newspaper.

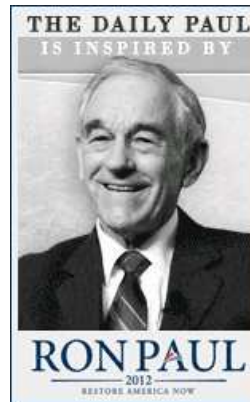
Several banking trade groups have considered the cooperative structure as a way to eventually replace Fannie and Freddie, which have been in conservatorship since September 2008, with the latter still needing taxpayer support.

The Independent Community Bankers of America has embraced the idea of restructuring Fannie Mae and Freddie into a cooperative. This cooperative would inherit the GSEs' infrastructure, allowing it to pool mortgages originated by its members and issue MBS.

http://www.originationnews.com/on_features/replace-fannie-fr...

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