



Trump expected to name Pence aide Calabria as top housing regulator

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The White House is expected to nominate Mark Calabria, an outspoken critic of Fannie Mae and Freddie Mac, to take over as the mortgage giants' top regulator, a senior administration official told POLITICO.

Calabria, now Vice President Mike Pence's chief economist, had expressed interest in becoming the next director of the Federal Housing Finance Agency for months. Current FHFA Director Mel Watt, the last remaining Obama-appointed financial regulator, is expected to leave the post Jan. 4 when his five-year term expires.

Fannie Mae and Freddie Mac are at the heart of the nation's mortgage-financing system, and the FHFA director is responsible for overseeing their massive \$5.4 trillion portfolio. The companies have been in conservatorship since 2008, when Treasury seized control of them to prevent their collapse during the housing crisis.

Calabria is a bold pick for the position, and his nomination is sure to rattle housing advocates. The libertarian economist has endorsed eliminating the 30-year fixed-rate mortgage at the center of the American housing market and called on the FHFA to put Fannie and Freddie into receivership without waiting on action from Congress.

The Wall Street Journal earlier reported on his selection to head the agency.

Over the course of Watt's tenure, the companies — which purchase loans and wrap them into securities — expanded their footprint and started offering new mortgage and lending products, raising the ire of Republican lawmakers and industry critics.

The next FHFA director will have plenty of options to curb the power of the so-called government-sponsored enterprises. Lowering the limit for the maximum size of loans the companies can purchase, for instance, would reduce their share of the market.

The agency could also tighten minimum credit requirements, raise the fees Fannie and Freddie charge lenders and require the companies to limit purchases of certain loans, like cash-out refinancings. Enhancing the companies' risk-sharing initiatives would also protect taxpayers.

Craig Phillips, counselor to Treasury Secretary Steven Mnuchin, told mortgage bankers this fall that the Trump administration would use an OMB government reorganization plan as its template for reform of the two companies.

The 132-page report released in June proposed privatizing and shrinking Fannie and Freddie while “providing an explicit, limited federal backstop that is on-budget and apart from the federal support for low- and moderate-income homebuyers.”

Calabria joined the Trump administration in February 2017 after eight years at the libertarian Cato Institute. Before Cato, he’d worked for the Senate Banking Committee under Sen. Richard Shelby (R-Ala.).