

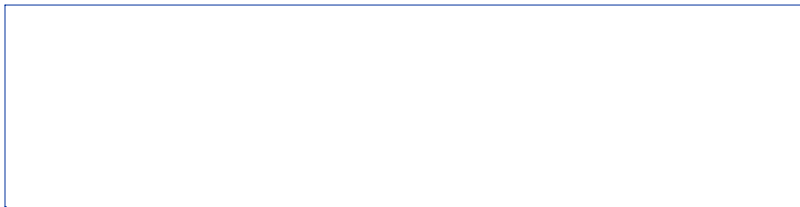
MBA NewsLink



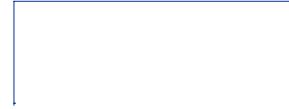
Volume 4 | Issue 97 | Friday, May 20, 2005

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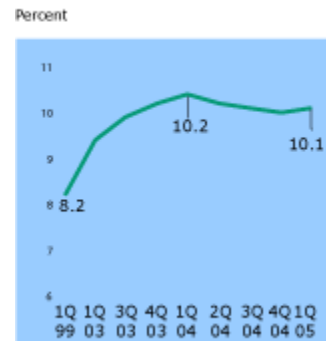


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Stat Link

The rental vacancy rate rose slightly in the first quarter.



Source: U.S. Department of Commerce

Quote Link

"The **Federal Reserve Board** has been unable to find any credible purpose for the huge balance sheets built by **Fannie [Mae] and Freddie [Mac]** other than the creation of profit through the exploitation of the market-granted subsidy. Fannie's and Freddie's purchases of their own or each other's mortgage-backed securities with their market-subsidized debt do not contribute usefully to mortgage market liquidity, to the enhancement of capital markets in the United States or to the lowering of mortgage rates for homeowners."
 --**Federal Reserve** Chairman **Alan Greenspan**, in a speech yesterday in Atlanta.

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Top National News

White House Sets Forth Plan to Limit Size of Fannie, Freddie

the size of GSE portfolios. We see little empirical support for this notion. For example, we have found no evidence that fixed-rate mortgages were difficult to obtain during the early 1990s, when GSE portfolios were small. Indeed, the share of fixed-rate mortgage originations averaged slightly less than 80 percent in 1992, when GSE portfolios were small, and averaged 66 percent in 2004, when GSE portfolios were large. Clearly, these data do not support the proposition that the size of the GSEs' portfolios positively contributes to the availability or popularity of fixed-rate mortgages. It is, of course, mortgage securitization, and not GSE portfolios, that is the more likely reason for the continued market support for the popular thirty-year fixed-rate mortgage.

"Without a notable direct or indirect effect on primary home-mortgage rates, it is difficult to see how the GSEs' portfolios can influence homeownership...Even with smaller portfolios, Fannie and Freddie would remain formidable institutions and their profits would provide more than sufficient support for their special affordable-housing programs. GSE mortgage securitization is a profitable activity and, with its modestly subsidized guarantee, earns above-normal rates of returns.

"As I testified before the Congress both this year and in 2004, the GSEs need a regulator with authority on par with that of banking regulators, with a free hand to set appropriate capital standards, and with a clear and credible process sanctioned by the Congress for placing a GSE in receivership, where the conditions under which debt holders take losses are made clear. However, if legislation takes only these actions and does not limit GSE portfolios, we run the risk of solidifying investors' perceptions that the GSEs are instruments of the government and that their debt is equivalent to government debt.

"The GSEs will have an increased facility to continue to grow faster than the overall home-mortgage market; indeed because their portfolios are not constrained, by law, to exclusively home mortgages, GSEs can grow virtually without limit. GSE's mortgage securitization, in contrast to their portfolio holdings, is the key to maintaining and enhancing the benefits of Fannie and Freddie to homebuyers and secondary mortgage markets. And mortgage securitization, unlike the GSE portfolio holdings, does not create substantial systemic risks.

"Thus, one way to limit the GSE portfolios is to create a strong presumption that almost all mortgage-related assets can be securitized. The GSEs would need to establish, with their regulator, that any asset held in their portfolio could not be securitized. In other words, the method of GSE financing most consistent with their missions is to securitize assets first and to hold in their portfolios only those assets that are very difficult or unduly expensive to securitize.

"Without the needed restrictions on the size of the GSE balance sheets, we put at risk our ability to preserve safe and sound financial markets in the United States, a key ingredient of support for housing.

"Financial instability coupled with the higher interest rates it creates is the most formidable barrier to the growth, if not the level, of homeownership. Huge, highly leveraged GSEs subject to significant interest rate risk are not conducive to the long-term financial stability that a nation of homeowners requires."

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New Technology Could Challenge Ubiquitous Blackberry

MBA (5/20/2005) McAfee, Jamie

Move over **Blackberry** and **Treo**, there's a new kid on the block.

Although the name of it is not official yet, insiders at the service provider,

Enterprise (SME).

Rosetta touts its proprietary (patents pending) software-driven "wireless pipeline" for its ability to enable information to be continuously pre-positioned to mobile users, so that any information needed is already waiting to be accessed. **Keith Campbell**, vice president of Rosetta-Wireless, said as workers are faced with limited capabilities in text-only versions or limited access to wireless connections, they are looking for more options.

"All the stuff you have access to we pre-position to a device the size of a palm pilot," Campbell said. "We put all those files, and as they change on your enterprise, we continually monitor them and we send them out to that device. Wherever you are, when you need to look at a piece of information, it is already there."

Campbell described the technology as "similar to a Blackberry without a screen. You are going to access it via a wireless connection with a laptop or PDA, 802.11 or Bluetooth," he said. "It is like a remote drive for your PDA or your laptop. We do all that in the background. We communicate over two channels over a cellular band, which is a wireless wide-area network or an 802.11 via an available hot spot."

Download times are not a factor either. According to Campbell, "Because we keep track of both ends of the data—visualize a pipe connecting your enterprise to this little unit and because we track both ends we can really use cellular the way nobody can. We can be dropped to pick up a call for example. We use cheap airtime because they can cut us off at anytime and we will pick right up where we left off."

Nowadays, security is also a major concern for mobile workers. Hackers could target them since their connections are not as protected as they would be within the security net of a network. "We encrypt everything as it passes through our network and we only store encrypted files," Campbell said. "They can have their own encryption running on top of that. We tend to be very secure because if you pick up a bit of it you never know what it is."

When it comes down to it though, what will pry that Blackberry out of users hands? "We are different because our system is designed to be disconnected. It works the same if it is connected or disconnected, you will never know the difference," Campbell said. "It's different from a Blackberry because your limited with attachments, we move the file once you don't have to open up your laptop and download the file again."

"It is kind of a change in thinking. Everyone else says I can wireless ask a question and get my answer back," Campbell noted. "With our system, the answer is already there because it's continually being updated. It is a very easy concept. But, it entails a shift in most people, because most people are used to going out and getting what they want, when they want, versus it already being there for them."

Availability of the service is anticipated in the fourth quarter. "We are in the final beta testing right now. What you would do is go to a Best Buy or a carrier store and buy the device and take it to the office and put in a CD and it would run you through provisioning it. You tell it where to go and get your files and then it takes over all by itself," Campbell said.

Rosetta-Wireless is currently in discussions with a fulfillment company, as well as in contact with several wireless carriers. "We have had some initial discussions. We believe the service will be under \$100 a month all-inclusive, that includes the equipment, all the airtime and all the other good things," Campbell said.

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