
FEDERAL HOUSING FINANCE AGENCY



STATEMENT

For Immediate Release
February 18, 2009

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STATEMENT OF FHFA DIRECTOR JAMES B. LOCKHART ON TREASURY AMENDING THE ENTERPRISES' SENIOR PREFERRED STOCK AGREEMENTS

"We welcome Treasury Secretary Geithner's action to increase support for Fannie Mae and Freddie Mac, which continue to play a vital role in this housing market. This increase is to provide assurance to the markets that Fannie Mae and Freddie Mac will continue to fulfill their important mission of providing much-needed liquidity, stability and affordability to the housing market at this time. Resetting these agreements from \$100 to \$200 billion each should remove any possible concerns debt and mortgage-backed securities investors have about the strong commitment of the U.S. Government to support Fannie Mae and Freddie Mac.

We also believe this increased commitment will help keep mortgage rates low, assisting current and prospective homeowners. Fannie Mae and Freddie Mac were created to support markets in times like these. This action today should help revitalize and stabilize our mortgage finance system."

Background on Senior Preferred Stock Agreements

The Senior Preferred Stock Agreements were entered into on September 7, 2008 between the Treasury and the Federal Housing Finance Agency as conservator for each Enterprise. They are designed to ensure that both Fannie Mae and Freddie Mac have a positive net worth. They do not have an expiration date and will last until all debt and mortgage-backed securities are repaid or the facility has been fully utilized. The [Department of Justice](#) provided an opinion on the subject.

[FHFA MORTGAGE MARKET NOTE ON U.S. TREASURY SUPPORT FOR FANNIE MAE AND FREDDIE MAC](#)

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$6.3 trillion in funding for the U.S. mortgage markets and financial institutions.