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# FEDERAL HOUSING FINANCE AGENCY



## STATEMENT

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### **FHFA DIRECTOR JAMES B. LOCKHART STATEMENT ON RETENTION PAYMENTS**

“Fannie Mae and Freddie Mac were placed into conservatorship to ensure they could fulfill their extremely important mission of providing liquidity, stability and affordability to the very troubled mortgage market. They continue to serve this mission. We started to design a retention plan with a compensation consultant even before the conservatorship because it was critical to retain their most important asset – their employees – who are being asked to play a vital role in the nation’s economic recovery. As we made clear in congressional testimony last September, FHFA worked with the new CEOs to establish employee retention programs for both senior managers and rank-and-file employees.

As the previous senior management teams left, it would have been catastrophic to lose the next layers down and other highly experienced employees. Fannie Mae and Freddie Mac purchased 73 percent of all mortgages originated last year and are the key players in the Making Home Affordable plan designed to help millions of homeowners. Many employees have received significant pay reductions, with no bonuses for 2008 performance and all past stock grants are virtually worthless. This retention program is pay for specific efforts underway now to meet national goals.”

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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.*