
FEDERAL HOUSING FINANCE AGENCY



STATEMENT

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STATEMENT OF FHFA DIRECTOR JAMES B. LOCKHART

“As regulator of Fannie Mae, Freddie Mac and the Federal Home Loan Banks (FHLBanks), the Federal Housing Finance Agency (FHFA) strongly supports Treasury Secretary Paulson’s announcement of a comprehensive asset relief program to help stabilize the nation’s financial markets. We join President Bush and Secretary Paulson in their call for prompt, bipartisan legislation to alleviate the market pressures posed by bad mortgages.

One part of the program announced by the Secretary is for Fannie Mae and Freddie Mac to provide additional funding to mortgage markets through the purchase of mortgage-backed securities (MBS). As conservator of Fannie Mae and Freddie Mac, FHFA has directed each company to implement such a purchase program immediately. As the Enterprises increase their portfolios, FHFA examiners will continue to oversee that such activities are done in a safe and sound manner. We also expect each company to continue to increase its direct support to the mortgage market through their ongoing securitization activities.

Such activities are core to their mission as housing government-sponsored enterprises. Combined with the Treasury MBS purchase facility announced earlier this month, with these latest announcements Fannie Mae and Freddie Mac will be extending their role in providing stability, liquidity and affordability to the housing market.

The overall goal of the program will be to contribute greater stability and liquidity in the mortgage market, which should enhance consumers’ access to mortgage financing and ultimately result in reduced mortgage interest rates relative to the current situation. We have already seen mortgage rates come down since the conservatorship actions.

Importantly, the FHLBanks continue to be key contributors to the U.S. mortgage market. Advances by the FHLBanks to their member institutions provide an important source of funding for mortgages. The FHLBanks remain critical contributors to mortgage market liquidity.

During these difficult financial conditions, FHFA will continue to work with the Treasury Department, the Federal Reserve, the Securities and Exchange Commission and the federal banking agencies to monitor market conditions and coordinate regulatory activities.”

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