

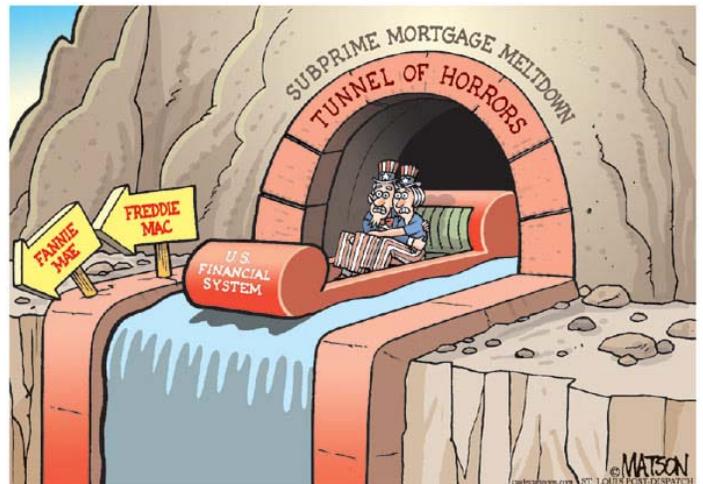


March 3, 2010

**FANNIE'S QUIET BAILOUT**  
*BROTHER, CAN YOU SPARE \$15.3 BILLION?*

**BREAKING NEWS** “Fannie Mae asks for \$15.3B in federal aid after posting \$16.3 billion loss... Fannie Mae needs another \$15 billion in federal assistance, bringing its total to more than \$75 billion. And worse, the mortgage finance company warned its losses will continue this year.”

Last week, while all eyes were on the health care summit, Fannie Mae filed its quarterly losses. Fannie reported a net loss to American taxpayers of \$16.3 billion for the fourth quarter of 2009, which follows a loss of \$19.8 billion in the third quarter. Promptly, Fannie asked Treasury to spot them an extra \$15.3 billion. Where was this bailout on the front pages of the newspaper? The answer: It wasn't.



**WARNING: LOSSES WILL CONTINUE; COST TO THE TAXPAYER TO RISE**

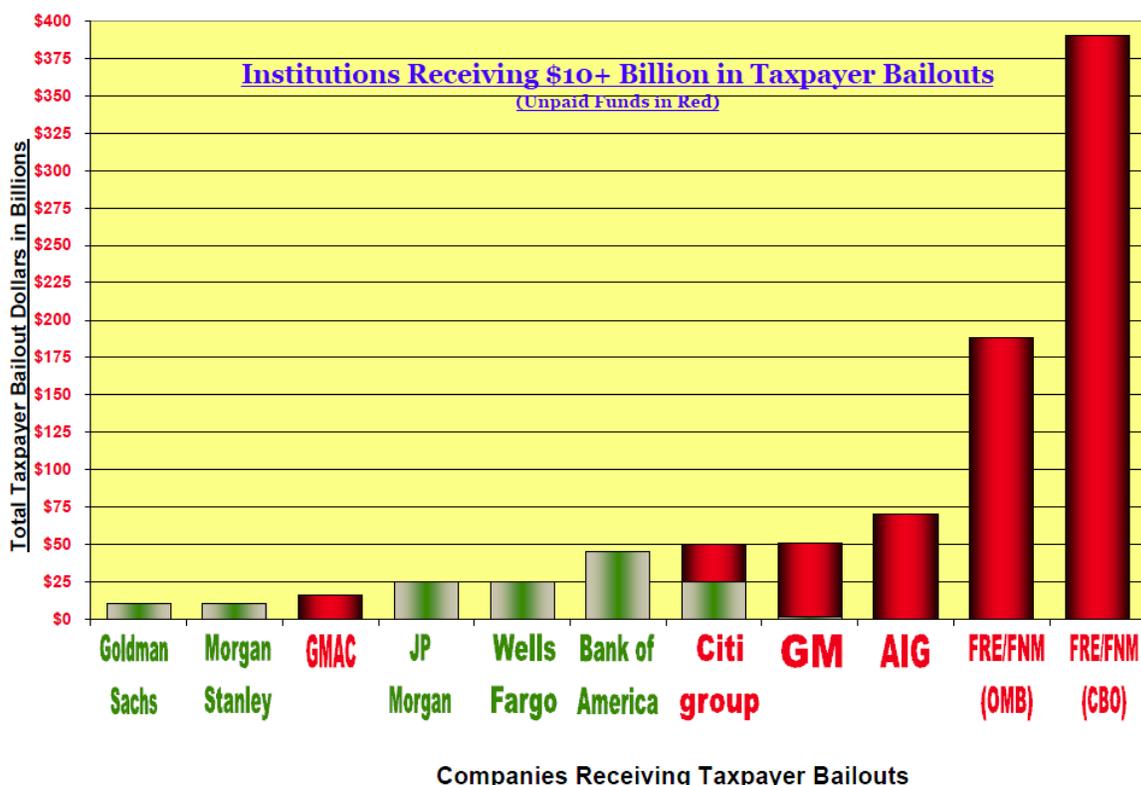
Both Fannie Mae and Freddie Mac acknowledge that further losses are imminent. CBO has scored the estimated **cost of Fannie and Freddie to the taxpayer at \$389 billion**, and yet President Obama refuses to account for the anticipated amount that Fannie and Freddie’s losses will cost the taxpayer.

Taxpayers are furious about the record federal deficits and the unsustainable national debt facing our country. Imagine how angry they would be if they knew the number was actually a lot higher, thanks the government’s newest “toxic assets,” Fannie Mae and Freddie Mac.

**REPUBLICANS DEMAND TRANSPARENCY IN GOVERNMENT ACCOUNTING**

To rectify this matter, many Republicans have chosen to cosponsor the Accounting of Fannie Mae and Freddie Mac Act, legislation which will compel the Office of Management and Budget (OMB) to prepare President Obama’s budget to accurately reflect the losses sustained by these Government-Sponsored Enterprises (GSEs) since they were placed in conservatorship.

**THE MOST EGREGIOUS OF THE BAILOUTS – AND THE BILL IS STILL UNPAID**



# THE WALL STREET JOURNAL

## \$126.9 Billion and Counting

### *Fannie Mae's election-year loss duty.*

It was another impressive three months at Fannie Mae, as Uncle Sam's mortgage finance company reported a fourth quarter loss of \$16.3 billion. That wasn't quite as strong as the third quarter loss of \$19.8 billion, but give Fannie's managers credit for trying.

"Through this prolonged stress in the housing market, we are helping homeowners across the country, supporting affordable housing, and providing financing to keep the residential markets functioning," declared Fannie president and CEO Mike Williams, in explaining the losses. It takes skill and determination to lose that much money, and Fannie seems up to the task.

Keep in mind that losing money is now Mr. Williams's job. Fannie and its sibling Freddie Mac became wards of the Treasury in 2008, after years of denying that they posed any financial risk to taxpayers. But rather than wind them down, or at least limit their losses, the Obama Administration has ordered them to modify hundreds of thousands of mortgages in an attempt to avoid foreclosures.

The companies are doing this with gusto, adding to the losses they have on the subprime and "liar loans" they piled up during the housing bubble they did so much to create. According to Fannie's 10K filing with the SEC, the company lost \$26.4 billion in 2009 from participating in the Obama Administration's Home Affordable Modification Program.

Taxpayers will still pay for this in the end, but Treasury would rather have the losses laundered through Fan and Fred than have Congress vote for new bailout money. So last Christmas Eve, Treasury announced that it was lifting the \$400 billion loss cap on the two companies, creating a potentially unlimited liability. And late Friday, Fannie announced that it has asked Treasury for \$15.3 billion more to cover its anticipated losses. For those keeping score, that's \$76.2 billion so far in taxpayer commitments to Fannie, with much more to go.

Freddie reported last week that it lost \$6.5 billion in the fourth quarter and \$21.6 billion for all of 2009. Freddie has so far received \$50.7 billion from taxpayers, and it said last week "we expect to make additional draws" on Treasury in the future. Add Fan and Fred together, and taxpayer losses so far are \$126.9 billion, and counting. When the government costs of the financial meltdown are added up, Fan and Fred will be the biggest losers.

Oh, and we almost forgot: Last week, Secretary Timothy Geithner told Congress that Treasury will wait until next year to propose a plan to reform the companies so this catastrophe doesn't happen again. Never mind that Treasury says it's essential to re-regulate the rest of the financial services industry right now, without delay.

While we're waiting, we can sleep well knowing that the executives at Fan and Fred are giving their all to lose even more money for the good of the nation, or at least of politicians in an election year.

