

# Fannie Mae Hints at New Mission

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Mortgage giant Fannie Mae requested another cash infusion, this time \$15.3 billion, from the government after posting a loss of more than \$74 billion for all of 2009. It may have changed its mission statement to put less emphasis on keeping interest rates low for homebuyers.

Its new mission statement focuses on providing liquidity for lenders, according to some mission statement changes noted by blog Housing Doom.

Housing Doom noticed that the company's mission statement has changed from 2008, when it pledged to "...ensure that mortgage bankers and other lenders have enough funds to lend to home buyers at low rates." The new mission is to "...enhance the liquidity of the mortgage market by providing funds to mortgage bankers and other lenders so that they may lend to home buyers." The new statement was found at the bottom of a press release.

The mission of keeping rates low for homebuyers isn't necessarily at odds with providing liquidity to lenders. By increasing the supply of liquidity, or money, to the mortgage market, Fannie can in theory help keep rates lower. It's a basic function of supply and demand. But the change in the language may mean that the agency will give the market more room to move rates up and down. That could be a key change after the bursting of the housing bubble, which reflected a glut of cheap financing.

Fannie Mae, operating under government conservatorship since September 2008, managed to shrink losses in the fourth quarter. Red ink in the fourth quarter totaled \$16.3 billion, down from \$25.2 billion last year. It was the mortgage funder's tenth straight quarterly loss. Read the full report from the Washington Business Journal.

For the year, Fannie lost \$74.4 billion, compared with \$59.8 billion in 2008.