

Fannie Mae Seeks \$8.4B in Aid After 1Q Loss

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My Way
May 10, 2010

Fannie Mae has again asked taxpayers for more money after reporting a first-quarter loss of more than \$13 billion.

The mortgage finance company, which was rescued by the government in September 2008, said it needs an additional \$8.4 billion from the government to help cover mounting losses.

Fannie Mae says it lost \$13.1 billion, or \$2.29 per share, in the January-March period. That takes into account \$1.5 billion in dividends paid to the Treasury Department. It compares with a loss of \$23.2 billion, or \$4.09 a share, in the year-ago period.

The rescue of Fannie Mae and sister company Freddie Mac is turning out to be one of the most expensive aftereffects of the financial meltdown.

The new request for aid will bring Fannie Mae's total to \$83.6 billion. The total bill for the duo will now be nearly \$145 billion.

Late last year, the Obama administration pledged to cover unlimited losses through 2012 for Freddie and Fannie, lifting an earlier cap of \$400 billion.

Fannie and Freddie play a vital role in the mortgage market by purchasing mortgages from lenders and selling them to investors.

Together the pair own or guarantee almost 31 million home loans worth about \$5.5 trillion. That's about half of all mortgages.

The two companies, however, loosened their lending standards for borrowers during the real estate boom and are reeling from the consequences.

With the housing market still on shaky ground, Obama administration officials say it is still too early to draft any proposals to reform the two companies or the broader housing finance system.

But Republicans argue the sweeping financial overhaul currently before Congress is incomplete without a plan for Fannie and Freddie. They propose transforming Fannie and Freddie into private companies with no government subsidies, or shutting them down completely.

The legislation "touches nearly every corner of the economy," Alabama Sen. Richard Shelby said in the GOP weekly radio and Internet address over the weekend. "But these major contributors to the crisis are left unscathed," he added, singling out Fannie Mae and Freddie Mac.