



**Office of Federal Housing Enterprise Oversight  
(OFHEO)**

**STATEMENT**

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**For Immediate Release**

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**Statement of OFHEO Director Armando Falcon Jr.  
Regarding Fannie Mae Accounting Review**

"Yesterday OFHEO issued its quarterly capital classification announcement for Fannie Mae and Freddie Mac. If OFHEO has reason to believe that the capital calculations may be subject to change, we have an obligation to caveat the capital information with such a disclosure. Accordingly, OFHEO's announcement continued to note Freddie Mac's restatement and the possibility of change, and for the first time noted the possibility of a Fannie Mae restatement and a subsequent effect on the capital calculations. A statement made by Fannie Mae in today's *Washington Post* concerning OFHEO's investigation was inaccurate and misleading.

"OFHEO's investigation of Fannie Mae's accounting policies and practices is proceeding with a broad review of all accounting matters but has also been intensely focused on several specific issues. One involves Fannie Mae's accounting for impairments. Our review of this particular matter, while not concluded, has led to concerns that Fannie Mae may not have applied the proper accounting guidance in this area. This could affect not only the company's manufactured housing portfolio but other assets as well. The impact of this possible misapplication of GAAP on Fannie Mae's financial statements is under examination."

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*OFHEO's mission is to promote housing and a strong national housing finance system by ensuring the safety and soundness of Fannie Mae and Freddie Mac.*