
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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FHFA'S FIRST *REPORT TO CONGRESS* DETAILS ANNUAL EXAMINATIONS OF FANNIE MAE, FREDDIE MAC, AND THE FEDERAL HOME LOAN BANKS

Washington, D.C. -- James B. Lockhart, Director of the Federal Housing Finance Agency (FHFA), today released FHFA's first *Report to Congress*, detailing the findings of the agency's 2008 annual examinations of Fannie Mae, Freddie Mac, the 12 Federal Home Loan Banks (FHLBanks), and the Office of Finance. The report is the first *Report to Congress* since FHFA was established by the Housing and Economic Recovery Act of 2008 (HERA), signed into law in July of 2008. A predecessor agency, the Office of Federal Housing Enterprise Oversight (OFHEO), previously published annual reports to Congress on Fannie Mae and Freddie Mac examinations.

"We publish this report at a time of unprecedented challenges for the economy, the housing markets, and the government-sponsored housing enterprises (GSEs)," said Lockhart. "This report provides a high level of transparency into the operations and oversight of the GSEs."

The report includes information being reported for the first time, including conclusions from the examinations of the FHLBanks, information about the compensation of FHLBank directors, and housing mission and goals information for all 14 GSEs. As required by HERA, the report also includes an assessment of the regulated entities by the Federal Housing Finance Oversight Board comprised of the Secretary of the Treasury, Secretary of Housing and Urban Development, Chairman of the Securities and Exchange Commission, and the FHFA Director, who serves as Chairman.

The report concludes:

- Fannie Mae and Freddie Mac are both "critical concerns" and had substantial safety and soundness issues that led them to be placed into conservatorship in September 2008.
- With new senior management teams, each Enterprise has made strides in remediating problems, but they still face numerous significant challenges including building and retaining staff and correcting operational and credit management weaknesses that led to conservatorship.
- The Enterprises continued to play a key role in providing liquidity and stability to the mortgage market, and their support of the mortgage market grew 5.6 percent in 2008, to a total of \$5.2 trillion.

- The FHLBanks continued to play a critical role in providing liquidity to their members through advances, which peaked at \$1 trillion in October.
- The FHLBanks' advance business continues to be a safe and sound business with no credit losses, despite the failures of some member institutions.
- The FHLBanks need to improve System financial reporting, controls and consistency.
- The deterioration of private-label mortgage-backed securities represents a significant issue for Fannie Mae, Freddie Mac, and several of the FHLBanks.

The report includes the following:

- Director's Letter
- Federal Housing Oversight Board Review
- Year in Review
- Review of the Annual Examinations of the Enterprises and the Federal Home Loan Banks
- Accounting
- Supervisory Actions
- Housing Mission and Goals
- Regulatory Guidance
- Research and Publications
- FHFA Financial Operations
- Historical Data Tables

“The problems of the last two years in the financial markets are slowly abating, but the challenges in the housing markets continue,” said Lockhart. “It is my hope that all market participants, the government, and the GSEs will creatively work together to help the United States economy and housing market recover.”

[Link to FHFA 2008 Report to Congress](#)

To request a printed copy, please send an e-mail to fhfainfo@fhfa.gov or call (202) 414-6922.

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac, and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$6.3 trillion in funding for the U.S. mortgage markets and financial institutions.