



# FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS - NEWS RELEASE -

FOR IMMEDIATE RELEASE

## **Fannie Mae States Uncertainty Concerning Its Long-term Financial Health Says that Mortgage Defaults are Increasing**

EDWARDSVILLE, IL, August 15, 2009 -Fannie Mae, the largest provider of U.S. home mortgage funding, has reported a quarterly net loss of \$14.8 billion.

In so doing, the company noted a "significant uncertainty" of its long-term financial health, doubting "whether we will continue to exist, to continue until February 2010 and beyond."

It's the eighth consecutive quarterly loss for Fannie Mae, illustrating its struggle to make money in the face of rising defaults and pressure to do more to stabilize the housing market.

Fannie Mae and rival Freddie Mac are primary sources of loan funding for housing. In September 2008, the government seized both congressionally chartered companies and promised to inject up to \$400 billion of capital.

Fannie Mae and Freddie Mac are operating under government conservatorship until lawmakers decide on how to reform the congressionally chartered companies "in a way that will both provide strong support for housing and protect taxpayers from future losses." The Obama administration has said it won't propose a solution until next February.

Even as losses grow and defaults increase, the government is maintaining programs which have the stated goal of keeping mortgage-holders in homes they may not otherwise be able to afford.

The HOPE NOW Alliance is designed to help sub-prime borrowers who can afford the starter rate on a sub-prime loan but will not be able to make the higher payments once the interest rate goes up.

The Mortgage Forgiveness Debt Relief Act creates a three-year window for homeowners to refinance their mortgage and pay no taxes on any debt forgiveness that they receive. If your mortgage debt was partly or entirely forgiven between 2007 and 2012, you may be able to claim special tax relief by filling out Form 982 - Reduction of Tax Attributes Due to Discharge of Indebtedness and attaching it to your federal income tax return.

Another program, called Project Lifeline allows qualified homeowners who are at least 90-days late on their mortgage payments to "pause" the foreclosure process for 30-days. Sub-prime, Alt-A, and prime loans may qualify for this program, including second liens and home equity loans.

The Making Home Affordable program targets the affordability of homes by offering loan refinance or modification to homeowners whose loans originated on or before January 1, 2009.

The Homeowner Stability Initiative targets those who are willing to commit to making reasonable monthly mortgage payments in order to stay in their homes.

Anyone with questions about these programs, including eligibility requirements, may contact:

HOPE NOW Alliance at 1.888.995.HOPE (1.888.995.4673), Fannie Mae at 1.800.7FANNIE (1.800.732.6643), Freddie Mac at 1.800.FREDDIE (1.800.373.3343)

# # #

FACT was formed under the not-for-profit corporation laws of the District of Columbia in 1984, and currently serves more than 1 million consumers nationwide. Additional information on FACT may be found in the *Encyclopedia of Associations*, and by visiting the association's Web site ([www.usafact.org](http://www.usafact.org)). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from [medical insurance](#) and [dental discounts](#) to [prescription drug savings](#), [scholarships](#) and [consumer information](#). FACT's administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025.