



Real Estate Times *with Suzanne Dingley*

WHY WE SAVED FANNIE AND FREDDIE

Fannie Mae and Freddie Mac - who or what are these entities, and why are they mentioned so often when discussing the current mortgage crunch? These two organizations either own or guarantee nearly half of all outstanding home loans. That's over twelve trillion in debt (that's a 12 followed by 12 zeros, or twelve million million dollars)!

So maybe you can see why the government took over and began overseeing their operations, bringing stability and continued liquidity to the national mortgage market. Both companies are placed in a government conservatorship, with the Fed taking up to an 80% stake. Progress is reviewed each quarter, and money injected into operations as needed.

Since the government is now explicitly backing the loans, the market for these securities is more like that for Treasuries, which lowers rates and

benefits the real estate industry enormously.

Lower rates encourage more investors to return to the market. As that happens, rates continue to drop, and more funds go into the lending machine, further encouraging buyers to apply for financing. The result is increased housing sales, which helps to stabilize home prices.

As these companies and the Federal Housing Finance Agency plan a massive overhaul of operations, you can be assured that agents and the National Association of REALTORS® will provide feedback and help shape a better future for our housing industry.

*For responsible service in all your
Real Estate needs, call*

The Suzanne Dingley Team
Call for a free consultation

518-640-4205

www.suzannedingley.com

