



07/11/2008

## Fannie and Freddie shares plummet

Mortgage giants Fannie Mae and Freddie Mac have experienced their fair share of financial uncertainty over that last couple of weeks. After a brief rebound earlier this week the Congress created financiers' share prices plummeted today at an alarming rate. Fannie Mae is down 13% and Freddie Mac dropped 23.8% in early trading.

The alarming loss has caused many analysts and professionals great concern as shareholders dump the tumbling stock. The most recent stock dump comes as a result of a report by Bloomberg which quoted former St. Louis Federal Reserve President William Poole as saying "Congress ought to recognize that these firms are insolvent, that it is allowing these firms to continue to exist as bastions of privilege, financed by the taxpayer."

John McCain, commenting on the situation said both Fannie Mae and Freddie Mac "have been responsible for millions of Americans to be able to own their own homes, and they will not fail, we will not allow them to fail." Jason Furman, an economic advisor to Barack Obama told reporters "Obama believes we must maintain the flow of capital for mortgages and protect homeowners from foreclosure." Both candidates appear to support keeping the mortgage financiers operating.

Treasury Secretary Henry Paulson, Federal Reserve Chairman Ben Bernanke and President Bush have all stated that Fannie and Freddie are able to weather the current housing crisis and are protected with enough capital to sustain themselves.