

Fannie Mae Asks Taxpayers For Another \$8.5 Billion To Help Cover First Quarter 2011 Losses

May 12, 2011 - The troubled financial giant Fannie Mae is a gift that just keeps on givingâ€¦ make that, takingâ€¦ from taxpayers. The company, which was taken over by the federal government in 2008 due to huge financial losses, continues to squeeze blood from the taxpayer turnip. It's latest request is for another \$8.5 Billion or your money. And the sad thing is, nothing is going to prevent them from getting it.

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Fannie's financial performance continues to be abysmal. For the first quarter of 2011, the organization is reporting a loss of \$6.5 Billion. While that is down from their \$11.5 Billion loss during the same quarter last year, it is way up when compared to a reported profit of \$73 million in the last quarter of 2010. They are attributing the new loss to reduced prices in housing.

The company is also reporting that its financial outlook for the rest of the year continues to remain gloomy. Translated, they expect to come back to the trough for even more money as the year goes on.

In a statement released by Fannie Mae, the company paints a bleak picture of its financial position. " As of March 31, 2011, the company's net worth deficit was \$8.4 billion. The Federal Housing Finance Agency (FHFA) has requested \$8.5 billion on the company's behalf from Treasury to eliminate the deficit. Upon receipt of those funds, the company's total obligation to Treasury for its senior preferred stock will be \$99.7 billion."

Fannie is also reporting that the number of foreclosures it acted on in the first part of this year increased over last year's numbers. At the same time, they report that they have managed to reduce the number of foreclosed properties that they currently own. As of March 31st, Fannie was holding an inventory of just over 153,000 properties.

The federal government's management of Fannie Mae is an exercise in robbing Peter to pay Paul. At the same time that the government is being asked to give the company more money, the company paid a stock dividend of \$2.2 Billion to the Treasury Dept. The US government owns 100% of Fannie at this time.

by Jim Malmberg

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