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Breaking News: Fannie, Freddie and the Fed



By now you may have already heard that the U.S. Government exercised their right to take over Fannie Mae and Freddie Mac. In what is being called a “rescue plan”, a “bail-out” and a “conservatorship”, the U.S. Treasury on Sunday announced their plan to take over the GSE agencies and run them through the recently created Federal Housing Finance Agency.

It is important to note that these actions were not necessarily taken as an initiative to jump-start the mortgage market, rather, it was a necessary action taken to provide the collapse of these very important entities which could have had a catastrophic impact on the US economy as well as the housing market. [\[click for more\]](#)

What you may not know is who stands to benefit as a result of this historic move, and when we can start seeing the result of this action by the US Treasury. As of now here is how the market is digesting this news:

THE WINNERS?



- Current buyers and home shoppers
- Real Estate Brokers and lenders
- Home Owners looking to refinance
- Stock Market and Financial Stocks

THE LOSERS?



- Management of Fannie and Freddie
- Shareholders and Stock holders
- US taxpayers (although this remains to be seen)

THE UNAFFECTED?



The current borrowers who are delinquent on their mortgage. This move does nothing to help them, and may potentially lead to a decrease in creative financial programs once available through Fannie Mae and Freddie Mac.

THE QUESTIONS?

- How will the US dollar react to the inflationary pressure caused by this bailout?
- How will US Treasuries react and will the spread narrow for mortgage rates.
- How much will this ultimately cost the US Taxpayer?
- Where will rates be in the long-run?



We continue to experience monumental changes in the mortgage market on a constant basis. These matters affect everyone from the homeowner, to the homebuyer, to those dreaming of one day owning their own home. While there is a level of uncertainty in the marketplace, we want to assure you that mortgages are still available to many, and will always be a part of the US housing and financial markets.

As a Mortgage Bank, Approved Funding maintains a very important advantage in that it has the ability to lend its own money, as well as the option to arrange syndications or brokerage agreements with regional and national banks. This unique capacity available only to the few qualified and competent mortgage lenders in the marketplace, allows us to offer the best level of rates, products and service to our clients that is unparalleled (and much needed) in the current lending environment.

Stay tuned for a special conference call that will highlight some of the immediate changes as well as the impact that these moves will have on the market in the next 30 days as well as the next few months!