

From: [LJR Fe2O3](#)
To: [FHFA REG-COMMENTS](#)
Cc: senator@tester.senate.gov; senator@walsh.senate.gov
Subject: Comment - RIN 2590-AA65
Date: Tuesday, October 28, 2014 11:44:00 AM

END THE PROFIT SWEEP AND RELEASE FANNIE AND FREDDIE

Dear FHFA:

For nearly a century, Fannie Mae (and her younger cousin Freddie Mac) have been providing liquidity to the housing market. This has allowed many more Americans to obtain affordable mortgages (often with long-term, fixed-interest rates) and purchase their own homes. This in turn has boosted housing sales and related services. Sales and services can account for up to 20% of GDP. Thus the GSEs (Fannie and Freddie) have been instrumental in stimulating the economy and supporting the American Dream of home ownership.

Even in the darkest days of the Great Recession of 2008, the GSEs (with the help of a big infusion of capital from the Treasury) continued to supply liquidity to the housing market; thus, preventing the Great Recession from becoming another Great Depression. During the recession, the GSEs were virtually the only source of capital in the mortgage marketplace. Today, they still provide over 80% of all home mortgages.

The GSE system functioned as it was designed with the support of the Treasury and the guidance of the FHFA during conservatorship. The GSEs successfully carried out their role of providing money for mortgages, before, during, and after the 2008 crisis. Fannie and Freddie have returned to profitability and have repaid all funds borrowed from the Treasury with interest. Currently, though quite profitable, the GSEs cannot build a capital buffer as the Treasury continues to illegally confiscate all profits even after their loan was repaid in full plus interest. Fannie and Freddie have literally repaid their debt to society and should be released from conservatorship.

Several bills in Congress (which purport to seek stability in the market place) would wind-down Fannie and Freddie and hand their business over to the "Too-Big-To-Fail" banks which caused the 2008 recession. This is counter-intuitive. A much simpler, wiser, and proven solution is to end the profit sweep and let the GSEs recapitalize. This would bolster stability, allowing Fannie and Freddie to continue to provide liquidity and affordable mortgages to the market place. The result will be a healthier economy with more opportunities to achieve the American Dream of home ownership.

Sincerely,
Lori Rust
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Whitefish, MT 59937

P.S. I am not a hedge fund owner. In the summer, I am a raft guide and in the winter, a ski instructor.

