

From: Andy Nicols [andynicols@gmail.com]
Sent: Friday, July 09, 2010 3:41 AM
To: !FHFA REG-COMMENTS
Subject: RIN 2590-AA23

Dear Alfred M. Pollard,

This email is in regards to the treatment of current shareholders of Fannie Mae and Freddie Mac. Our Government took over Fannie Mae and Freddie Mac in September of 2008 and did not get permission from shareholders. A month before the takeover of Fannie Mae and Freddie Mac, the department of Treasury announced that Fannie Mae and Freddie Mac were solvent. When Fannie Mae and Freddie Mac were taken over, the agreement was that our Government would get a warrant for 80% of the company and Fannie / Freddie would be able to borrow up to 200 billion dollars to keep their company's solvent. Since the Government takeover, our Government has been running the companies under conservatorship and under this legal contract it is mandatory for our Government to preserve and conserve their capital. Since conservatorship, Fannie/ Freddie have been run to help homeowners at the expense of shareholders by modifying loans at a 2% rate and not allowing Fannie / Freddie to charge higher rates in a down housing market. According to the 5th amendment of the United States Constitution it states, "nor shall private property be taken for public use, without just compensation". This new legislation regarding conservatorship and receivership is another way for our Government to steal private property and not have to face the bankruptcy courts which would decide that the conservatorship agreement was breached. Fannie and Freddie are involved in 80% of all transactions for housing finance in the United States today. Without Fannie / Freddie, who will provide financing for our housing market in the United States? If our Government was to place Fannie / Freddie in receivership before the end of 2012 that would be a direct violation of conservatorship since Fannie / Freddie were guaranteed unlimited amounts of capital to keep them solvent until the end of 2012 by Congress. Shareholders of Fannie / Freddie have rights and are currently 100% owners of the two companies. I think it would be a mistake to put Fannie / Freddie into receivership and wipe out current shareholders and then issue new stock in a new company with all the old Fannie / Freddie assets. Who would invest in this new company after our Government stole a company and wiped out shareholders as if they had no rights? This would make investors nervous about investing in housing in the United States. The better option for United States tax payers would be for our Government to exercise their warrants and give the public a specific plan for Fannie / Freddie. Once the stock price is at a high enough level, our Government can sell off their stock and make their money back.