

## Fannie and Freddie

In September 2008, Fannie Mae and Freddie Mac-the two Government Sponsored Enterprises (GSEs)-were nationalized after their regulator determined they could no longer operate in a safe and sound manner. As a result, American taxpayers have injected \$85 billion into Fannie and Freddie.

On July 23, Committee Republican leadership introduced H.R. 3310, the Consumer Protection and Regulatory Enhancement Act, to modernize the financial regulatory structure. The Republican plan would address the long term status of Fannie and Freddie by phasing out taxpayer subsidies over a number of years and ending the current model of privatized profits and socialized losses. It sunsets the current GSE conservatorship by a date certain, placing Fannie and Freddie in receivership if they are not financially viable at that time. If they are viable, once the housing market has stabilized, the plan would initiate the process of cutting their ties to the government by winding down the federal subsidies granted through their charters and transitioning Fannie and Freddie into non-government backed entities that compete on a level playing field with other private firms. In making reforms, Republicans will address reducing Fannie and Freddie's portfolios, re-focusing Fannie and Freddie on promoting housing affordability, and requiring SEC registration and the payment of taxes.

Republicans have been at the forefront of GSE reform. Under Republican control, from the 106th through the 109th Congress, the Financial Services Committee held more than 20 hearings and received testimony from over 100 witnesses on modernizing GSEs regulation.

[View the Republican plan here.](#)