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 now stand behind the two GSEs.

The ongoing financial crisis demonstrated how the GSEs are not serving the public well. A priority for Republicans is to resolve the long term status of Fannie and Freddie, and the role of the GSEs, in the mortgage market. Committee Republicans will also work towards alternatives to mortgage financing, including the benefits of a covered bond approach that is a common way to fund mortgages in Europe.

Republicans have been at the GSE reform forefront. 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.