

Fannie, Freddie Pressed to Reduce Mortgages

The Obama administration is pressuring Fannie Mae and Freddie Mac to write down "underwater" home loans through fledgling FHA and Treasury programs.

The aim of the initiatives is to reduce loan balances, which Fannie Mae and Freddie Mac have been reluctant to do because it would deepen their losses.

However, the Obama administration wants to reduce the threat to the housing market posed by home owners believed to be at risk of default should their personal finances or home prices worsen.

Source: Wall Street Journal, Nick Timiraos, Alan Zibel (12/08/10)