

# Civil Rights and Consumer Groups Respond to Takeover of Fannie Mae and Freddie Mac

## For Immediate Release

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WASHINGTON, DC, September 12, 2008 – The federal government announced over the weekend its takeover of Fannie Mae and Freddie Mac. The following civil rights, consumer and housing groups made this statement:

*Housing is the key to a strong economy, as we can see by the state of our nation today. Although the government has taken over Freddie Mac and Fannie Mae, it is vital that Congress and the Conservator not lose sight of the GSEs' fundamental purpose, as chartered by Congress, to expand homeownership opportunities and promote access to credit to under-served markets. This purpose continues to be of vital importance.*

*Private companies that originate mortgages for sale to Wall Street have demonstrated that they will not provide sustainable, quality credit to low- and moderate-income consumers and to under-served markets. While the private securitization market claimed to be fulfilling an unmet need, it adopted practices that were detrimental to under-served markets and ultimately to the entire global economy.*

*Under the conservatorship, the government has the ability to stabilize our economy and communities devastated by unscrupulous and irresponsible lending practices. To accomplish this, the government and the GSEs should:*

- *freeze foreclosures for a substantial period of time on all whole loans in their portfolios to allow for modification;*
- *modify existing mortgages likely headed for default by removing these loans from their securitized pools, without waiting for the loan to become delinquent, and modifying them to avoid unnecessary foreclosures;*
- *maintain affordable housing goals;*
- *make a concerted effort to work with lenders, servicers and rental management companies to stop evictions of tenants in foreclosed units;*
- *maintain affordable housing programs, particularly the Housing Trust Fund and the Capital Magnet Fund enacted by Congress in July;*
- *develop new underwriting criteria for underserved borrowers who do not meet FHA or prime criteria in order to offer them affordable housing loan products;*
- *make fair housing compliance a mainstay of the markets and the GSEs' practices.*

*As our leaders work to stabilize the housing market, speed economic recovery, and open the benefits of homeownership to working families, the public missions of Freddie and Fannie must be kept front and center.*

**Association of Community Organizations for Reform Now (ACORN)**

**CDFI Coalition**

**Center for American Progress Action Fund**

**Center for Responsible Lending**

**Consumer Action**

**Consumer Federation of America**

**Consumers Union**

**Lawyers' Committee for Civil Rights Under Law**

**Leadership Conference on Civil Rights**

**National Association of Consumer Advocates**

**National Association of Neighborhoods**

**National Consumer Law Center**

**National Council of La Raza**

**National Fair Housing Alliance**

**National Policy and Advocacy Council on Homelessness**

**U.S. PIRG**

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