



Press Briefing
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Financial Crisis Inquiry Commission Focuses on Subprime Lending and Securitization and Government-Sponsored Enterprises

(Washington, DC) – Today the Financial Crisis Inquiry Commission begins a three-day hearing on “Subprime Lending and Securitization and Government-Sponsored Enterprises” and will take testimony from many of the important participants in the mortgage market about the issuance of trillions of dollars of risky mortgage debt and its role in the financial crisis.

The Federal Reserve – the Commission will explore a number of issues related to the Federal Reserve’s broad authority to regulate, among other things, unfair and deceptive mortgage lending practices under the Home Ownership and Equity Protection Act of 1994 (HOEPA).

Citigroup – the Commission will explore, among other things, Citigroup’s losses related to subprime mortgages and products containing subprime mortgages between 2007 through 2009. Citigroup received a total of \$45 billion in TARP funds and a \$301 billion loss-sharing agreement. The U.S. government is currently Citigroup’s largest single shareholder holding a 27 percent interest.

The Office of the Comptroller of the Currency – the Commission will explore, among other things, the OCC’s regulatory authority, its pre-emption policies and initiatives and its oversight of Citigroup.

Fannie Mae – the Commission will explore, among other things, Fannie Mae’s increases in its purchases of non-traditional mortgage (“NTM”) loans and AAA tranches of securities backed by subprime and Alt-A loans. Fannie Mae and Freddie Mac have received \$125.9 billion in government assistance to date; the Office of Management and Budget estimates that Fannie Mae and Freddie Mac will receive a total of \$161 billion in government assistance by 2019.

The Office of Federal Housing Enterprise Oversight/Federal Housing Finance Authority – the Commission will examine, among other things, the actions of OFHEO once the regulator noted Fannie Mae’s increased holdings of non-traditional mortgage loans, the corresponding increase in credit risk, and problems with Fannie Mae’s risk models during their examinations in 2005, 2006 and 2007. The Federal Housing Finance Agency placed Fannie Mae and Freddie Mac into conservatorship on September 6, 2008.

*****In addition, the Commission has made available for review and comment preliminary staff reports that address the broad issues which are the subject of the hearing.*****

About the Financial Crisis Inquiry Commission (FCIC)

The bi-partisan 10-member Financial Crisis Inquiry Commission was created by Congress and is charged with examining the causes of the financial meltdown. It is also examining causes of the collapse of major financial institutions that failed or would likely have failed had they not received exceptional government assistance. As part of its inquiry, the Commission will hold a series of public hearings throughout the year including, but not limited to, the following topics: avoiding future catastrophe, complex financial derivatives, credit rating agencies, excess risk and financial speculation, government-sponsored enterprises, the shadow banking system, subprime lending practices and securitization, and too big to fail. The Commission is comprised of Chairman Phil Angelides, Vice Chairman Bill Thomas, and Commissioners Brooksley Born, Byron Georgiou, Robert Graham, Keith Hennessey, Doug Holtz-Eakin, Heather Murren, John W. Thompson, and Peter Wallison. Findings and conclusions are to be presented in a formal report to Congress and the President by December 15, 2010. For more, visit FCIC.gov.