

Press Release

November 25, 2008

Federal Reserve announces it will initiate a program to purchase the direct obligations of housing-related government-sponsored enterprises and mortgage-backed securities backed by Fannie Mae, Freddie Mac, and Ginnie Mae

For release at 8:15 a.m. EST

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The Federal Reserve announced on Tuesday that it will initiate a program to purchase the direct obligations of housing-related government-sponsored enterprises (GSEs)--Fannie Mae, Freddie Mac, and the Federal Home Loan Banks--and mortgage-backed securities (MBS) backed by Fannie Mae, Freddie Mac, and Ginnie Mae. Spreads of rates on GSE debt and on GSE-guaranteed mortgages have widened appreciably of late. This action is being taken to reduce the cost and increase the availability of credit for the purchase of houses, which in turn should support housing markets and foster improved conditions in financial markets more generally.

Purchases of up to \$100 billion in GSE direct obligations under the program will be conducted with the Federal Reserve's primary dealers through a series of competitive auctions and will begin next week. Purchases of up to \$500 billion in MBS will be conducted by asset managers selected via a competitive process with a goal of beginning these purchases before year-end. Purchases of both direct obligations and MBS are expected to take place over several quarters. Further information regarding the operational details of this program will be provided after consultation with market participants.

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