

U.S. DEPARTMENT OF THE TREASURY

Press Center

Treasury to Begin Orderly Wind Down of Its \$142 Billion Mortgage-Backed Securities Portfolio

3/21/2011

Treasury Will Authorize Sale of up to \$10 Billion in Agency-Guaranteed Mortgage-Backed Securities per Month

Part of Continued Wind Down of Holdings Acquired as Part of the Financial Stabilization Actions in 2008 and 2009 to Help Combat the Financial Crisis

WASHINGTON – Today, the U.S. Department of the Treasury announced that it will begin the orderly wind down of its remaining portfolio of \$142 billion in agency-guaranteed mortgage-backed securities (MBS). Starting this month, Treasury plans to sell up to \$10 billion in agency-guaranteed MBS per month, subject to market conditions.

"We're continuing to wind down the emergency programs that were put in place in 2008 and 2009 to help restore market stability, and the sale of these securities is consistent with that effort," said Mary J. Miller, Assistant Secretary for Financial Markets. "We will exit this investment at a gradual and orderly pace to maximize the recovery of taxpayer dollars and help protect the process of repair of the housing finance market."

Treasury acquired its portfolio of agency-guaranteed MBS under authority provided to it by Congress under the Housing and Economic Recovery Act of 2008. These purchases of agency-guaranteed MBS helped preserve access to mortgage credit and promote economic stability during a period of unprecedented market stress and volatility.

The market for agency-guaranteed MBS has notably improved since the time Treasury purchased these securities in 2008 and 2009. Based on current market prices, Treasury expects to make a profit for taxpayers on this investment. The sale of these securities will not alter our previously stated debt management objectives, nor change the path on which we intend to achieve those objectives.

In 2008, Treasury retained State Street Global Advisors to acquire, manage, and dispose of its agency-guaranteed MBS portfolio. That firm will manage the wind down of this investment. At the end of each month, Treasury will post on its website the total agency-guaranteed MBS sales it has made, broken down by coupon and agency.

The sale of these securities is part of Treasury's continued efforts to wind down emergency programs that were put in place in 2008 and 2009 to promote financial stability and restore economic growth. On October 3, 2010, new Troubled Asset Relief Program (TARP) purchasing authority expired, and Treasury is moving to exit its remaining TARP investments in private companies. In December 2010, Treasury sold its final share of Citigroup common stock, locking in a profit of more than \$12 billion on that TARP investment. General Motors' (GM) recent initial public offering cut Treasury's common stock stake in that company nearly in half and brought in a total of \$13.5 billion for taxpayers. Additionally, Treasury recently received \$9.6 billion in TARP repayments through the sale of its Ally Financial trust preferred securities holdings and AIG's sale of its MetLife equity stake.

For a list of Frequently Asked Questions, please visit [link](#).