



## The Daily Dish

# Uh, What?

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### Eakinomics: Uh, What?

Just when Eakinomics thought it was safe to take the economic vaudeville act on the road, Bloomberg [reported](#):

*Bill Pulte, the director of the Federal Housing Finance Agency, said that Fannie Mae and Freddie Mac are looking at ways to take equity stakes in technology companies.*

*"We have some of the biggest technology and public companies offering equity to Fannie and Freddie in exchange for Fannie and Freddie partnering with them in our business," Pulte said Friday during an interview at a housing conference hosted by ResiClub. "We're looking at taking equity stakes in companies that are willing to give it to us because of how much power Fannie and Freddie have over the whole ecosystem."*

Sounds like the logical next step for undercapitalized government-sponsored enterprises (GSEs) currently in conservatorship. Uh, right. The Federal Housing Finance Agency director, and self-appointed chairman of the boards of Fannie Mae and Freddie Mac, has evidently been smoking French bread.

It turns out, Fannie Mae and Freddie Mac have government charters, passed by Congress and signed into law by the president, that dictate what they do. [Fannie Mae's](#) opens by saying:

*The Congress declares that the purposes of this title are to establish secondary market facilities for residential mortgages, to provide that the operations thereof shall be financed by private capital to the maximum extent feasible, and to authorize such facilities to—*

- (1) provide stability in the secondary market for residential mortgages;
- (2) respond appropriately to the private capital market;
- (3) provide ongoing assistance to the secondary market for residential mortgages (including activities relating to ~~mortgages on housing for low-and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities~~ by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing;
- (4) promote access to mortgage credit throughout the Nation (including central cities, rural areas, and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and
- (5) manage and liquidate federally owned mortgage portfolios in an orderly manner, with a minimum of adverse effect upon the residential mortgage market and minimum loss to the Federal Government.

Conspicuously missing from the purpose is “take a wild flyer on some trendy, over-valued AI stocks.” More to the point, Section 310 of the Fannie Mae charter dictates the “Investment of Funds”:

*Moneys of the Association not invested in mortgages or other security holdings or in operating facilities shall be kept in cash on hand or on deposit, or invested in obligations of the United States or guaranteed thereby, or in obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds.*

If Congress envisioned the GSEs as tech venture funds, it would have said so.

In the time left over after weaponizing the humble mortgage application, Pulte has established himself as the Mini-Me of the Trump Administration, slavishly echoing the position of the president and his cabinet on interest rates, the chairman of the Federal Reserve, Federal Reserve building renovation, and now ill-advised equity stakes with no apparent policy purpose.

Meanwhile the nation suffers from a ongoing housing affordability crisis with no thought

leadership from the highest-placed official in policy toward residential housing.