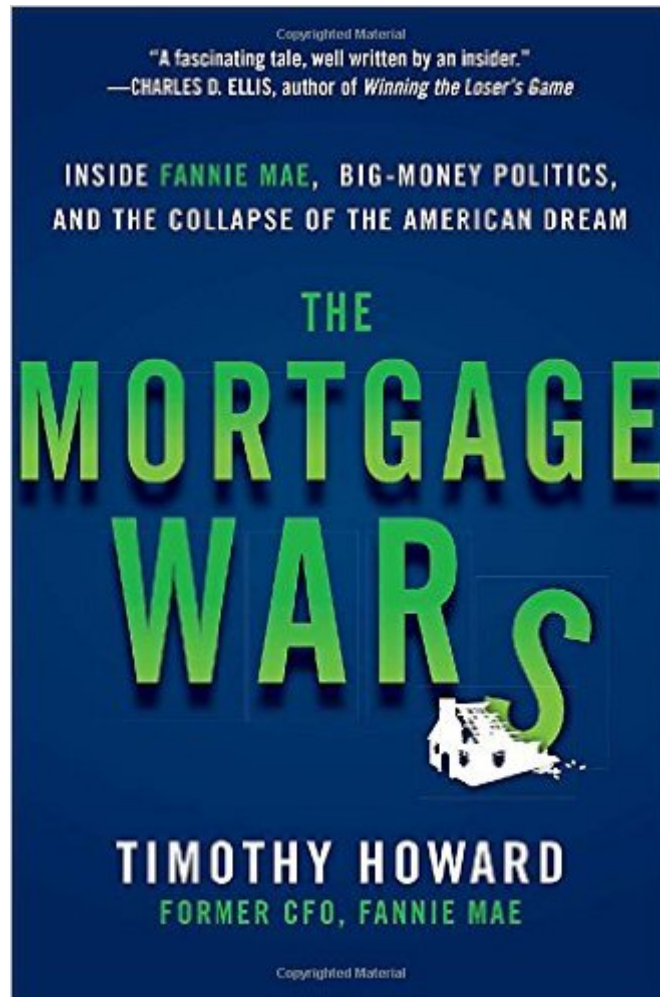


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# The Mortgage Wars: Inside Fannie Mae, Big-Money Politics, And The Collapse Of The American Dream



## Synopsis

THE REAL STORY OF THE MELTDOWN THAT LED TO THE FINANCIAL CRISIS "Required reading" • -- SeekingAlpha.com Many books have been written about the financial crisis and its causes, but none of them has been written by one of the key figures intimately involved in the drama. At last, one of those top insiders tells the complete story of the mortgage wars that almost destroyed the global economy. In this no-holds-barred account, Timothy Howard exposes the perfect storm of money, power, ideology, and politics that led to the crisis. Howard was the CFO of Fannie Mae until 2004. At its peak, Fannie Mae was responsible for more than one out of every four home loans in the United States. But by the mid-2000s, what seemed to be the most successful mortgage finance system in the world completely broke down. What happened? Howard takes you behind the scenes to show the dramatic struggles between the corporations and the politicians that led to the meltdown. In *The Mortgage Wars*, you'll learn: How Fannie Mae was born and evolved into the largest mortgage lender in the world How Fannie Mae survived the financial turmoil that killed the thrift industry How the subprime market grew, with very little oversight, and eventually exploded How political and financial jockeying sparked the mortgage wars What we must do to prevent a similar financial crisis from ever happening again At long last, this inside account tells the unvarnished truth about some of the most controversial subjects of our time, including the disturbing new norm of unsafe and unsound business practices in the finance world and the huge problems that arise when politicians try to pick winners in the global markets. *The Mortgage Wars* tells the real story for the first time, showing how an \$11 trillion dollar industry really fights its battles, for better or worse. Timothy Howard also shares his insights on how to keep the mortgage finance system safe, offering invaluable, prescriptive advice for all of us as we move forward into an uncertain future.

PRAISE FOR *THE MORTGAGE WARS*: "An essential contribution to understanding the roots of our most recent financial crisis, enriched by a deeper review of the history of American home financing." -- Kirkus Reviews "With great attention to detail, Howard charts business decisions over a five-decade span and leading up to the company's downfall." -- Publishers Weekly "Howard, with 20 years as a senior risk management executive, is in a unique position to examine the beginning of the mortgage wars and how they escalated and spun out of control, with disastrous results for the American homeowner. . . . For anyone wanting the other side of the story"™ and anyone who does not believe everything the media and politicians tell us." • -- Library Journal "A fascinating tale, well written by an insider, that shows forcefully how dangerous it can be to combine big politics with big money and big ambitions in a big hurry!" -- CHARLES D. ELLIS, author of the bestselling *Winning the Loser's Game* "In this fascinating and revealing book, one of

the inside players in the struggle over the American home financing market tells the full story for the first time. Full of dramatic stories of partisan government and big business fighting to the finish, *The Mortgage Wars* is riveting--an essential read for anyone who wants to know how we can avoid another meltdown like the devastating financial crisis of 2008." -- JUNHENG LI, Founder and Head of Research, JL Warren Capital; author of *Tiger Woman on Wall Street* "Timothy Howard gives you the inside scoop on the battle for control of the U.S. mortgage market, a 'war' that was at the center of the global financial crisis. Understanding the fundamental cause of the crisis we are still recovering from is essential to avoid repeating past mistakes. I learned a lot from *The Mortgage Wars* and I highly recommend it." -- JENS NORDVIG, Head of Fixed Income Research Americas, Nomura Securities; author of *The Fall of the Euro* "Timothy Howard is the new rock star of financial exposés. *The Mortgage Wars* reveals how Washington placed an \$11 trillion dollar bet on the American dream and pushed our nation to the brink of economic collapse. Required reading for anyone with an interest in the capital markets." -- NORB VONNEGUT, author of *The Trust*.

## **Book Information**

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## **Customer Reviews**

This is a very important book to hear another version of the cause of the Great Recession and the role of FNMA/FHLMC in our mortgage market. Tim Howard was the former CFO of FNMA during the early 80s to 2004 and brings an entirely different perspective with benefit of this history. First it must be remembered that these were quasi govt entities, actually they were both private companies with an "implied" govt guarantee of the debt. What this book does a great job of detailing is a more full history of FNMA when they were struggling in the early 80s with high interest rates that very

nearly took them under. From this weak financial background Howard details their survival, their enhanced risk structure, the creation of callable agencies that allowed for more perfect matching of assets/liabilities but also the mechanism to leverage and grow their balance sheet no matter the demand for mortgages. Howard builds a compelling case which was mirrored in my history selling up to \$1 billion of mortgages per year, none with loan to value ratios above 80% w/o mortgage insurance. Howard confirms this is a charter requirement for their existence. His discussion later shifts to the uncontrolled growth of private label mortgage securitizations where total incentive was for profit. But this is only done after the exhaustive history of FNMA. I have viewed a study from 2001-08 showing that the highest severe delinquent for agency securitizations was under 7% while private label securitizations (subprime & jumbo loans) was over 32%. But why does the public continue to try to make this a political issue vs an issue of unbridled Wall Street greed that I see? Sadly, we are a simplistic and polarized country searching for a simple answer when the real problem is much more nuanced.

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