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Freddie Mac To Resume Giving to Local Charities

Troubled mortgage giant was among largest philanthropic givers in D.C. area.

By David Schultz/The Connection
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THE FREDDIE MAC Foundation will continue donating funds to local charities, according to its federal overseer, despite the financial woes of its parent company.

James Lockhart, who was appointed as the conservator of the mortgage financing companies Freddie Mac and Fannie Mae, announced last week that the companies' respective foundations would continue their philanthropic giving, albeit at lower rates than in previous years.

Freddie Mac and Fannie Mae were nationalized last year after losing billions of dollars amid the subprime mortgage meltdown.

Many non-profit organizations based in Northern Virginia feared that Freddie Mac, which is based out of McLean, would cease its charitable giving. In 2007, Freddie Mac and its D.C.-based partner Fannie Mae were the largest charitable donors in the Washington area, disbursing almost \$50 million.

Doorways for Women and Families, an Arlington-based non-profit that combats homelessness and domestic violence, was especially dependent on Freddie Mac funds. Its Freddie Mac Foundation Family Home, which opened early last year, was built with a \$500,000 grant from the company and is operated with a separate \$300,000 annual grant.

"Without their bold step forward in putting money down for the cause, we wouldn't be sitting in the shelter today nor would the families that have been with us for the last year," said Caroline Jones, client services director for Doorways.

Last summer, when the economic meltdown occurred and Freddie Mac's financial failings were on the front pages of every newspaper, Jones says Doorways was holding its breath.

"We were in a real holding pattern that was causing Doorways to very soberly look at outcomes that we don't want to ever face, such as closing this home down," she said. "It was looking like a reality for us that we could have to find a way to exist without [funds from Freddie Mac]. And the truth is that there was no answer."

U.S. REP. Jim Moran (D-8) said that Lockhart's decision is a huge victory for local non-profits. Late last year, he and other D.C. area congressmen wrote a letter to Lockhart encouraging him not to suspend the companies' philanthropic activities. "If Freddie Mac and Fannie Mae were to end their giving," he said in an interview, "It would have a disastrous effect."

Dozens of organizations based in the area – such as SCAN of Northern Virginia, INMED Partnerships for Children, Northern Virginia Family Service and many others — rely on funding from Freddie and Fannie.

"These agencies are living on a shoestring budget," Moran said. "If the largest contributor were to drop out, they would have to go out of business which means there would be hundreds of people out on the street instead of in homeless shelters. That's what it amounts to."

Moran said Freddie Mac would be allowed to donate \$15 million to local charities in 2009, down from a high of \$25 million in 2007. He also said that Freddie Mac and Fannie Mae would no longer be allowed to make political contributions to members of Congress.

"That's verboten," Moran said. "If they're getting taxpayer money to stay afloat then they cannot and should not be using any of this money for political contributions." Moran also noted that he had received contributions from Freddie Mac when he was on the House Bank and Housing Committee in the mid-1990s.



Photo by David Schultz/The Connection
Freddie Mac's McLean headquarters.

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But it would be unjust for Fannie Mae and Freddie Mac to suspend their charitable donations now, Moran said, especially since they were one of the catalysts of the economic crisis.

“That would be the height of irony that, at the very time when these mortgages are coming due [and] people can’t make their payments [and] people are being evicted, Fannie is also cutting back on the assistance they are giving to people who otherwise would be homeless,” he said.

David Schultz can also be heard on WAMU 88.5 FM.



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