Fannie Mae earns $2.7B in Q1, doesn't seek aid

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WASHINGTON — U.S. mortgage giant Fannie Mae reported its first net income gain since it was taken over by the government during the 2008 financial crisis.

Fannie said Wednesday that it earned net income attributable to common stockholders of $2.7 billion in the January-March quarter. Instead of seeking additional aid from taxpayers, the company will pay a dividend of $2.8 billion to the Treasury Department.

That compares with the same quarter one year ago when Fannie reported a net loss of $6.5 billion.

The company was able to report the gain mostly because it had lower expenses for its losses. Two key reasons for that: home price declines have slowed and fewer mortgages are in serious delinquency.

The gain adds to evidence of slow improvement in the home market five years after the housing bubble burst.

January and February made up the best winter for sales of previously occupied homes in five years. Builders are laying plans to construct more homes in 2012 than at any other point in past 3 1/2 years. Mortgage rates have never been cheaper. And while home prices continue to fall, most cities have reported smaller annual declines than in previous months.

Fannie has received about $116 billion so far from the Treasury Department, the most expensive bailout of a single company.

The government rescued Fannie and sibling company Freddie Mac in September 2008 to cover losses on soured mortgage loans. Since then, the Federal Housing Finance Agency has controlled their financial decisions.

Taxpayers spent roughly $170 billion to rescue Fannie and Freddie. It could cost roughly $260 billion more to support the companies through 2014 after subtracting dividend payments, according to the government.

Last week, Freddie said it was requesting $19 million in additional federal aid after posting a net loss attributable to common stockholders of $1.2 billion for the January-March quarter. That compared with a net loss of $929 million in the same quarter of 2011.

While it was the first time Fannie hasn't requested money since the crisis, Freddie has had four quarters when it did not seek government aid. Freddie requested $19 million for the January-March period, a relatively small request compared to previous quarters.