
Exhibit 3

Pricing Power

Due to their market position, Fannie and Freddie are able to charge lenders, particularly small banks, excessively high “guarantee fees” in relation to the credit losses of the mortgages they originate.

	2003	2002*
	<u>Fannie Mae</u>	<u>Freddie Mac</u>
Average G-Fee	20.2 bps	22.0 bps
Credit Losses	0.6 bps	0.7 bps
Multiple of Losses	33.7 x	31.4 x
“Loss to Premium” Ratio	3%	3%

* Figures as of 12/31/02, revised 11/21/03
