

United States Senate

WASHINGTON, DC 20510

April 15, 2025

Mr. Brian M. Tomney
Inspector General
Office of Inspector General
Federal Housing Finance Agency
400 7th Street SW
Washington DC 20219

Dear Inspector General Tomney:

We write today to ask that the Federal Housing Finance Agency (FHFA) Office of Inspector General (OIG) conduct a review of FHFA's recent actions to "overhaul" the Boards of Directors of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) and reduce the FHFA workforce.¹ Specifically, we ask that the FHFA OIG determine whether or not FHFA leadership complied with all relevant federal laws, regulations, and agency policies and procedures in its decision making, as well as assess the impact of FHFA workforce reductions on the agency's ability to fulfill its statutorily mandated functions.

Since September 2008, FHFA has served as both regulator and conservator of Fannie Mae and Freddie Mac (collectively, the Enterprises).² In this role, FHFA is "responsible for ensuring that Fannie Mae and Freddie Mac operate in a safe and sound manner" through "prudential supervision and regulation."³ FHFA engages in "ongoing monitoring," "targeted examinations," and "risk assessments" of the Enterprises—including continuous evaluation of "the board's and management's responses to deficiencies and weaknesses identified by the Enterprise's Internal Audit Department and external auditors."⁴

Fannie Mae and Freddie Mac play a critical role in our nation's mortgage market and collectively guarantee roughly fifty percent of home loans.⁵ Clarity in the Enterprises' operations is therefore essential to the stability of the housing finance system. Yet according to public reporting, FHFA

¹ Washington Post, "Trump team shakes up mortgage giants as it weighs their futures," Rachel Siegel, March 18, 2025, <https://www.washingtonpost.com/business/2025/03/18/fannie-mae-freddie-mac-fhfa-overhaul-mortgage/>; Politico, "Top housing regulator in upheaval as executives, employees put on leave," Katy O'Donnell, March 20, 2025, <https://www.politico.com/news/2025/03/20/employees-placed-on-leave-at-top-housing-regulator-00240298>; New York Times, "Fannie Mae Regulator Puts 35 Workers on Leave," March 20, 2025, <https://www.nytimes.com/2025/03/20/business/fannie-mae-freddie-mac-workers-leave.html>; Federal Housing Finance Agency, "Fannie Mae Fires Over 100 Employees for Unethical Conduct, Including the Facilitation of Fraud," press release, April 4, 2025, <https://www.fhfa.gov/news/news-release/fannie-mae-fires-over-100-employees-for-unethical-conduct-including-the-facilitation-of-fraud>.

² See "Senior Preferred Stock Purchase Agreements," Federal Housing Finance Agency, accessed March 21, 2025, available at <https://www.fhfa.gov/conservatorship/senior-preferred-stock-purchase-agreements>.

³ Federal Housing Finance Agency, "Fannie Mae & Freddie Mac," <https://www.fhfa.gov/supervision/fannie-mae-and-freddie-mac>.

⁴ *Id.*

⁵ Washington Post, "Trump team shakes up mortgage giants as it weighs their futures," Rachel Siegel, March 18, 2025, <https://www.washingtonpost.com/business/2025/03/18/fannie-mae-freddie-mac-fhfa-overhaul-mortgage/>.

leadership recently and unexpectedly “overhauled the boards of Fannie Mae and Freddie Mac.”⁶ Specifically, FHFA leadership fired fourteen board members and “dismissed the Fannie’ board’s entire audit committee.” FHFA then installed FHFA Director, William Pulte, as the Chair of both boards.⁷ According to reports, “it is unclear how FHFA decided whom to fire or keep on the board.”⁸ It is also unclear how Mr. Pulte’s appointment complies with existing law, which prohibits the FHFA Director from “hold[ing] any office, position, or employment in any [FHFA-]regulated entity or entity-affiliated party.”⁹

In addition, on top of appointing Mr. Pulte as chair, FHFA added three additional new members to Fannie Mae’s board, including Christopher Stanley, “a Space X engineer who’s also part of Elon Musk’s [Department of Government Efficiency (DOGE)] Service effort to cut spending”—potentially providing DOGE with access to critical Fannie housing data.¹⁰ Mr. Stanley “abruptly resigned” from the board and there is currently no public “evidence that DOGE...has sought access to such data.”¹¹ Mr. Stanley’s appointment, however, raises key questions about DOGE’s role in day-to-day FHFA and Enterprise activities.

Meanwhile, as he was appointing himself to Fannie and Freddie’s boards, Mr. Pulte “placed 35 unionized [FHFA] employees on administrative leave,” including employees in the Offices of Consumer Protection, Statistics and Research, and Equal Opportunity and Fairness.¹² According to FHFA, the staff reductions reflect efforts to “streamline” FHFA while ensuring the agency “follow[s] all mandated laws.”¹³ Yet the decision to place employees on leave was reportedly made with “no advance notice” or explanation to agency workers.¹⁴ In addition, FHFA and Fannie Mae recently announced that they had “fired over 100 employees from Fannie Mae who we caught engaging in unethical conduct, including facilitating fraud.”¹⁵ It is critical that federal employees not engage in unethical or illegal conduct, and FHFA should take steps to prevent fraud and, if necessary, discipline employees who break the law or fail to follow agency policies. It is also, however, essential for Congress to understand whether workforce reductions at the FHFA comply with all relevant laws and agency procedures.¹⁶

⁶ *Id.*

⁷ *Id.*; Scotsman Guide, “Fannie, Freddie board members ousted in sudden, surprising move,” Jim Davis, March 17, 2025, <https://www.scotsmanguide.com/news/fannie-freddie-board-members-ousted-in-sudden-surprising-move/>.

⁸ Washington Post, “Trump team shakes up mortgage giants as it weighs their futures,” Rachel Siegel, March 18, 2025, <https://www.washingtonpost.com/business/2025/03/18/fannie-mae-freddie-mac-fhfa-overhaul-mortgage/>.

⁹ 12 U.S.C. 5412(g)

¹⁰ Washington Post, “Trump team shakes up mortgage giants as it weighs their futures,” Rachel Siegel, March 18, 2025, <https://www.washingtonpost.com/business/2025/03/18/fannie-mae-freddie-mac-fhfa-overhaul-mortgage/>.

¹¹ *Id.*

¹² New York Times, “Fannie Mae Regulator Puts 35 Workers on Leave,” March 20, 2025, <https://www.nytimes.com/2025/03/20/business/fannie-mae-freddie-mac-workers-leave.html>; Politico, “Top housing regulator in upheaval as executives, employees put on leave,” Katy O’Donnell, March 20, 2025, <https://www.politico.com/news/2025/03/20/employees-placed-on-leave-at-top-housing-regulator-00240298>.

¹³ New York Times, “Fannie Mae Regulator Puts 35 Workers on Leave,” March 20, 2025, <https://www.nytimes.com/2025/03/20/business/fannie-mae-freddie-mac-workers-leave.html>.

¹⁴ *Id.*

¹⁵ Federal Housing Finance Agency, “Fannie Mae Fires Over 100 Employees for Unethical Conduct, Including the Facilitation of Fraud,” press release, April 4, 2025, <https://www.fhfa.gov/news/news-release/fannie-mae-fires-over-100-employees-for-unethical-conduct-including-the-facilitation-of-fraud>.

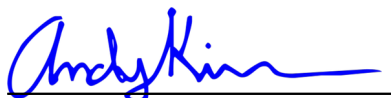
¹⁶ New York Times, “Trump Administration: Updates,” Matthew Goldstein, April 8, 2025, <https://www.nytimes.com/live/2025/04/08/us/trump-news-tariffs/b56c135c-cfc1-5326-9916-d927ef6e8193?>

To help us better understand the impacts of recent FHFA actions, including its overhaul of the Enterprise boards and staffing reductions, we ask the FHFA OIG to conduct a review that addresses the following questions:

1. What specific steps did FHFA leadership take to alter the composition of Fannie Mae and Freddie Mac's boards? Please provide details regarding:
 - a. Individuals fired from each board and why.
 - b. Individuals added to each board and why.
 - c. Which individuals at FHFA were responsible for making the decision to overhaul Fannie and Freddie's boards.
 - d. Whether any DOGE employees, volunteers, or affiliated individuals were involved in the decision to overhaul Fannie and Freddie's boards.
2. Did FHFA's actions to alter the composition of Fannie Mae and Freddie Mac's boards comply with all relevant federal laws, regulations, and agency policies and procedures?
3. Does Mr. Pulte's appointment as Chair of Fannie Mae and Freddie Mac's boards comply with 12 USC 4512(g)? What legal analysis, if any, did FHFA conduct in advance of appointing Mr. Pulte to the board(s)?
4. What access, if any, have DOGE officials received to data housed at FHFA, Fannie Mae, or Freddie Mac? What federal laws, regulations, and agency policies and procedures govern access to this data, and were those laws, regulations, and policies and procedures followed in granting access (if applicable)?
5. How many FHFA employees are currently on administrative leave? Which FHFA components are these employees from? How does placing these employees on administrative leave impact the FHFA's ability to comply with its statutorily mandated functions? What impact, if any, does the decision to place these employees on administrative leave have on the stability of the housing finance system?
6. Please provide an overview of the firing of over 100 Fannie Mae employees for "unethical conduct" and "fraud."
 - a. How many employees in total were fired?
 - b. Please provide details of the circumstances resulting in the firings of each employee. If applicable, have all identified cases fraud or unethical conduct been halted?

- c. Were all relevant federal laws, regulations, and agency policies and procedures followed in the identification of and firing of these employees?
- d. What policies and procedures are currently in place at FHFA to prevent fraud, abuse, and unethical conduct among employees? Were these policies and procedures followed?

Sincerely,



Andy Kim
United States Senator



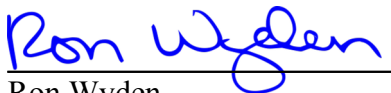
Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Tina Smith
United States Senator



Charles E. Schumer
United States Senator



Ron Wyden
United States Senator



Cory A. Booker
United States Senator



Raphael Warnock
United States Senator



Catherine Cortez Masto
United States Senator



Lisa Blunt Rochester
United States Senator



Kirsten Gillibrand
United States Senator