

United States Senate

WASHINGTON, DC 20510

March 31, 2025

The Honorable William J. Pulte, Director
Federal Housing Finance Agency (FHFA)
400 7th Street SW
Washington, DC 20219

Dear Director Pulte:

Within a week of taking office, you fired the Chief Executive Officer of Freddie Mac and you removed a majority of the nonpartisan directors of both Freddie and Fannie Mae, installing yourself, your business associates, and partisan loyalists in their place. Congress and the American people deserve an explanation for these actions, which do not appear to be consistent with Federal law or regulation. We also support the letter sent by our colleagues led by Senator Blunt Rochester. That letter focuses on turmoil at FHFA, and is intended to complement the questions and concerns in this letter focused on Fannie and Freddie.

Fannie and Freddie are among the largest and most complex financial institutions in the world. Together, they guarantee over \$7 trillion of mortgages, provide liquidity to reduce mortgage rates, and help middle-class American families afford a home and build wealth. The individuals you have installed as directors do not appear to have the requisite experience to maintain the safe and sound operation of these companies. Rather, many appear to have been selected based on the basis of their personal, political, and business connections to you or members of the Trump Administration. Indeed, one of your appointees, whose qualifications seem to stem from his association with Elon Musk's companies and DOGE, served for only one day on the Fannie board before resigning without explanation.

In addition to naming individuals who appear wholly unqualified to serve, the manner in which you have reconstituted the boards appears to violate Federal law and FHFA's own regulations. Most notably, Federal law prohibits the FHFA Director from holding any office, position, or employment in Fannie and Freddie. 12 U.S.C. 4512(g)(2). Additionally, FHFA's regulations require the chairmen of the boards of Freddie and Fannie to be independent of FHFA. 12 CFR 1239.20(a)(3). Despite these prohibitions, you named yourself as the chairman of both boards.

Federal law also requires the boards of these agencies to include at least one person from an organization that has represented consumer or community interests, or has shown a career commitment to low-income housing. 12 U.S.C. 1452(a)(2), 1723(a)(2). However, no current board members appear to meet these criteria.

Under FHFA and SEC regulations, a majority of directors must be independent, the companies must have audit committees comprised solely of independent directors, and there must be a financial expert on the audit committee or a public explanation of why one is not


necessary. 12 CFR 1239.20(a)(2), 1239.5(b); 17 CFR 229.407(d)(5). Because of your actions, a majority of the directors have not been determined to be independent. After you removed the entire audit committee at Fannie, there are no longer any financial experts on the Fannie board.

Again, you made these sweeping changes without any explanation or justification just one week into your tenure as FHFA Director. This indicates either that you were not forthright with the Banking Committee about your plans during the confirmation process or that you have entered this job without the capacity to follow the statutes and regulations governing the operation of Fannie and Freddie.

If even one of these violations had occurred at an ordinary publicly traded company, shareholders would be asking serious questions about the management's competence. To restore any confidence, FHFA's lack of compliance must be corrected immediately. You should appoint qualified, independent board members and leaders, and you must provide a full explanation of the rash actions you took in the first few days on the job. With the Nation's secondary mortgage market on the line, Congress and the American people deserve complete transparency, as well as steady leadership at FHFA, Fannie, and Freddie.

We request your response on this matter no later than April 14, 2025. Thank you for your attention to this important matter.

Sincerely,



Jack Reed
United States Senator



Lisa Blunt Rochester
United States Senator



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



Chris Van Hollen
United States Senator



Tina Smith
United States Senator