

United States Senate

WASHINGTON, DC 20510

April 16, 2025

Hon. Brian M. Tomney
Inspector General for the Federal Housing Finance Agency
400 7th Street SW
Washington, DC 20219

Dear Inspector General Tomney:

We write to urge you to open an investigation into FHFA's apparent noncompliance with Federal laws and regulations in connection with recent corporate governance changes that Director Pulte has made at Fannie Mae and Freddie Mac.

Director Pulte is prohibited by law from holding any position at either company and Federal statute requires at least one board member to represent the public's interest.¹ The Director has no authority to waive the law. Under FHFA regulations, a majority of directors must be independent, the chairmen of the boards must be independent, the companies must have audit committees comprised of independent directors, and if there is no financial expert on an audit committee then the public is owed an explanation of why.² The nominating and corporate governance committee must be composed entirely of independent directors, including an independent chair. While the Director has authority to waive regulations, he may do so only "in connection with a particular transaction or activity"—not for corporate governance matters that apply to all transactions and activities.³

Director Pulte has taken actions that do not appear to be consistent with these Federal laws and regulations. Within a week of taking office, he removed a majority of the directors of Fannie and Freddie, installing himself, his business associates, and partisan loyalists in their place. He also removed Fannie's entire audit committee. After these actions, the boards appear to lack anyone from an organization that has represented consumer or community interests, or has shown a career commitment to low-income housing. They also appear to lack a financial expert. Director Pulte has also installed himself as the chair of both companies' boards of directors and the boards' nominating and corporate governance committees.

On March 31, we wrote to Director Pulte to urge him to correct these apparent violations. Although Mr. Pulte responded in a letter dated April 8 that "U.S. Federal Housing FHFA [*sic*] remains committed to complying with all applicable federal laws and regulations," he offered no evidence to show that the agency he runs, and the companies he oversees, are in *actual* compliance with these statutory and regulatory requirements nor did he dispute the portion of our letter noting his recent governance changes at Fannie and Freddie violate the law. If an ordinary

¹ 12 U.S.C. 1452(a)(2), 1723(a)(2), 4512(g)(2).

² 12 CFR 1239.5(b), 1239.20(a)(2).


³ 12 CFR 1211.2(a).

public company had put in place such poor governance arrangements, it would be at serious risk of being delisted from a major stock exchange.

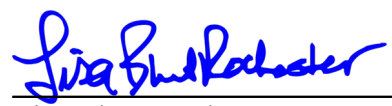
In light of this apparent pattern of noncompliance and inability to attest to compliance, we ask that you open an investigation into whether FHFA is in fact following Federal laws and regulations regarding the management and governance of Fannie and Freddie. To the extent permissible, we also ask you publicly announce this investigation in order to discourage any potential violations.

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