

111TH CONGRESS
2D SESSION

H. R. 4581

To require the Inspector General of the Federal Housing Finance Agency to submit quarterly reports to the Congress during the conservatorship of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 3, 2010

Mrs. BIGGERT (for herself, Mr. BACHUS, Mrs. CAPITO, Mr. ISSA, Mr. GARRETT of New Jersey, Mr. PAUL, Mr. NEUGEBAUER, and Mr. HENSARLING) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require the Inspector General of the Federal Housing Finance Agency to submit quarterly reports to the Congress during the conservatorship of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fannie Mae and
5 Freddie Mac Accountability and Transparency for Tax-
6 payers Act of 2010”.

1 **SEC. 2. QUARTERLY REPORTS DURING CONSERVATORSHIP.**

2 (a) REPORTING REQUIREMENT.—For each reporting
3 period, the covered officer shall submit to the Congress
4 a report for each enterprise that summarizes the activities
5 of the covered officer with respect to such enterprise, and
6 the activities and condition of such enterprise, during such
7 reporting period.

8 (b) CONTENTS.—Each report required under this
9 section for an enterprise for a reporting period shall in-
10 clude the following information:

11 (1) A description, including dollar amount, of
12 total liabilities of the enterprise as of the reporting
13 date, with a detailed breakdown of the potential level
14 of risk to the Federal Government inherent in the
15 dollar amount of each separate type of liability and
16 a quantification as to how the risk to the Federal
17 Government has changed from the previous report-
18 ing period, distinguishing between changes attrib-
19 utable to volume and changes attributable to
20 changes in risk levels.

21 (2) An explanation of, including rationale for,
22 all compensation and bonuses paid to any executive
23 officer (as such term is defined in section 1303 of
24 the Housing and Community Development Act of
25 1992 (12 U.S.C. 4502)) of the enterprise, and any

1 retention decisions made, by the enterprise during
2 such period regarding its executive officers.

3 (3) A description of foreclosure mitigation ac-
4 tivities of the enterprise during such period, includ-
5 ing any related data, a list of law firms and attor-
6 neys approved or retained by the enterprise for han-
7 dling foreclosure and bankruptcy matters relating to
8 mortgages held or securitized by the enterprise, and
9 the eligibility criteria used for such approval or re-
10 tention and reasons for limiting such list, and the
11 number of mortgage loans held by the enterprise
12 that were refinanced in 2008 and 2009 through
13 foreclosure mitigation activities of the enterprise
14 that have, during such period, entered into default.

15 (4) A description of any mortgage fraud preven-
16 tion activities undertaken by the enterprise during
17 such period and data describing the extent of mort-
18 gage fraud during such period, including descrip-
19 tions of the efforts of the enterprise to prevent or
20 detect mortgage fraud, of the pervasiveness of mort-
21 gage fraud, and of the most prevalent types of mort-
22 gage fraud detected.

23 (5) A listing with description of any formal or
24 informal communication between Governors and
25 staff of the Board of Governors of the Federal Re-

1 serve System and executives in the enterprise and
2 any formal or informal communication between offi-
3 cials and staff of the Department of the Treasury
4 and the Governors and staff of the Board of Gov-
5 ernors of the Federal Reserve System and executives
6 in the enterprise regarding the purchase or sale of
7 any enterprise-related securities.

8 (6) A description of any investments, holdings,
9 and activities of the enterprise during such period
10 that are not consistent with the mission of the enter-
11 prise as provided under Federal law.

12 (7) A description of the reasons for any equity
13 investments in the enterprise by the Department of
14 the Treasury during such period and any increase
15 during such period in the authorized amount of eq-
16 uity investments by such Department.

17 (8) An analysis of the capital levels and port-
18 folio size of the enterprise during such period and
19 their impacts on the safety and soundness of the en-
20 terprise.

21 (9) A description and analysis of the under-
22 writing standards of the enterprise applicable during
23 such period, including the criteria for safety and
24 soundness of mortgage loans for single-family, multi-
25 family, and condominium residential homes

1 securitized by the enterprise and the ability of such
2 criteria to ensure such safety and soundness.

3 (10) An analysis of actions taken by the enter-
4 prise that had a beneficial or harmful effect on hold-
5 ers of enterprise-related securities, in particular, pre-
6 ferred stock issued prior to September 6, 2008.

7 (11) Any other information that the covered of-
8 ficer considers relevant or important with respect to
9 the enterprise, and the activities and condition of the
10 enterprise.

11 (c) REPORTING PERIODS; TIMING OF REPORTS.—

12 (1) INITIAL PERIOD.—The first reporting pe-
13 riod for each enterprise shall be the period that
14 began upon the commencement of the conservator-
15 ship period for the enterprise and that ends upon
16 the date of the enactment of this Act. The reports
17 required under this section for such period shall be
18 submitted not later than the expiration of the 60-
19 day period beginning on the date of the enactment
20 of this Act.

21 (2) QUARTERLY PERIODS.—After the first re-
22 porting period, the reporting periods for each enter-
23 prise shall be each calendar quarter that concludes
24 after the date of the enactment of this Act. Each re-
25 port for each such reporting period shall be sub-

1 mitted not later than the expiration of the 60-day
2 period beginning upon the conclusion of such report-
3 ing period.

4 (3) RECEIVERSHIP.—Notwithstanding para-
5 graph (2), if at any time a receiver is appointed for
6 an enterprise pursuant to section 1367 of the Hous-
7 ing and Community Development Act of 1992 (12
8 U.S.C. 4617), the reporting periods for the enter-
9 prise during such receivership shall be each calendar
10 month (or such shorter period as the covered officer
11 considers appropriate). Each report for each such
12 reporting period shall be submitted not later than
13 the expiration of the 30-day period beginning upon
14 the conclusion of such reporting period.

15 (4) NATIONALIZATION.—Notwithstanding para-
16 graph (2), if at any time the Federal Government or
17 any agency or entity of the Federal Government ob-
18 tains control of an enterprise under law or through
19 ownership of voting stock of the enterprise, or the
20 covered officer determines that the enterprise has
21 otherwise been nationalized, the reporting periods
22 for the enterprise after such nationalization occurs
23 shall be the consecutive 6-month periods (the first
24 such period beginning upon such nationalization (or
25 such shorter period as the covered officer considers

1 appropriate). Each report for each such reporting
2 period shall be submitted not later than the expira-
3 tion of the 60-day period beginning upon the conclu-
4 sion of such reporting period.

5 (d) PUBLIC AVAILABILITY.—The covered officer
6 shall—

7 (1) make information regarding the activities of
8 the covered officer, including each report submitted
9 to the Congress pursuant to this section, available to
10 the public, including through a World Wide Web site
11 of the Federal Housing Finance Agency; and

12 (2) establish an electronic mail address and a
13 toll-free telephone number, and shall publicize the
14 availability of such address and number, by which
15 the public may report waste, fraud, or abuse by an
16 enterprise.

17 (e) DEFINITIONS.—For purposes of this section, the
18 following definitions shall apply:

19 (1) CONSERVATORSHIP PERIOD.—The term
20 “conservatorship period” means, with respect to an
21 enterprise, the period that—

22 (A) began upon appointment of the Fed-
23 eral Housing Finance agency as conservator for
24 the enterprise on September 6, 2008, pursuant
25 to section 1367 of the Housing and Community

1 Development Act of 1992 (12 U.S.C. 4617);
2 and

3 (B) ends upon the termination of such con-
4 servatorship of the enterprise.

5 (2) COVERED OFFICER.—The term “covered of-
6 ficer” means—

7 (A) the Inspector General of the Federal
8 Housing Finance Agency, if one has been ap-
9 pointed pursuant to section 1317(d) of the
10 Housing and Community Development Act of
11 1992 (12 U.S.C. 4517);

12 (B) if the officer referred to in subpara-
13 graph (A) has not been appointed, any interim
14 inspector general for the Federal Housing Fi-
15 nance Agency appointed pursuant to any provi-
16 sion of law providing for such office; or

17 (C) if the officer referred to in subpara-
18 graph (A) has not been appointed and an offi-
19 cer referred to in subparagraph (B) has not
20 been appointed, the Associate Director for In-
21 ternal Audit of the Federal Housing Finance
22 Agency.

23 (3) ENTERPRISE.—The term “enterprise”
24 means the Federal National Mortgage Association
25 and the Federal Home Loan Mortgage Corporation.

1 (4) REPORTING PERIOD.—The term “reporting
2 period” means a period described in paragraph (1),
3 (2), (3), or (4) of subsection (c).

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