United States Senate
WASHINGTON, DC 20510

November 4, 2011

Mr. Edward DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, NW
Washington, DC 20552

Dear Mr. DeMarco:

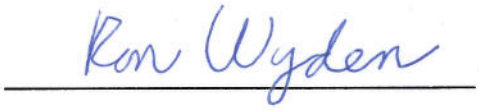
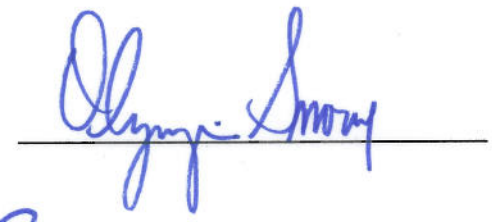
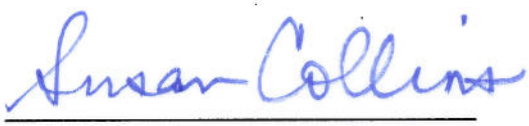
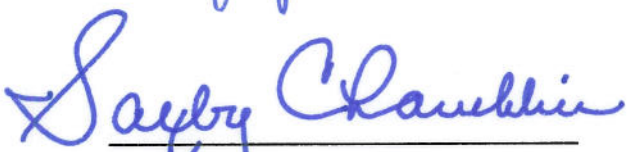
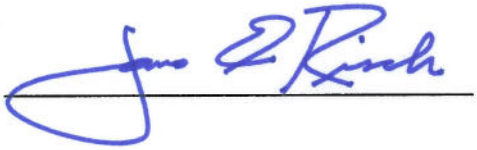
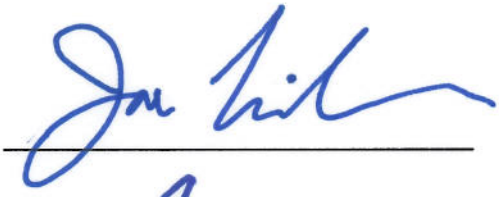
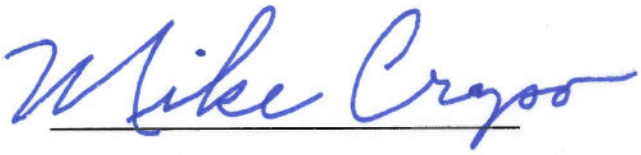
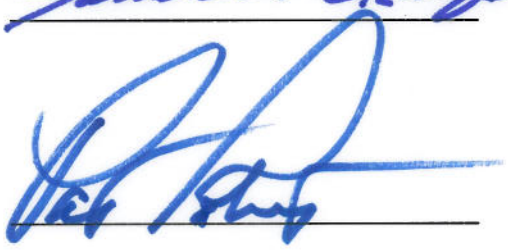
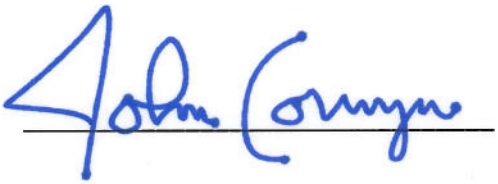
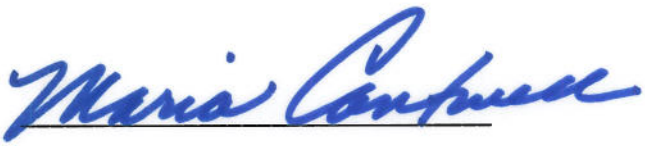
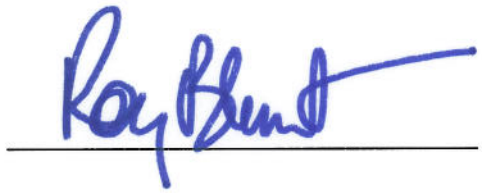
On November 1, 2011, it was reported that the Federal Housing Finance Agency (FHFA) approved $12.79 million in bonus pay for ten executives at Fannie Mae and Freddie Mac, the Government Sponsored Enterprises (GSEs). At a time when these entities have received nearly $141 billion in taxpayer-provided bailout funding, such excessive compensation seems wildly imprudent. Moreover, the full cost of conservatorship remains a moving target.

We are sincerely concerned about the message this sends to millions of American families when the unemployment rate stands at 9.0% and the housing market remains very weak. As American families are tightening their belts in light of the struggling economy, the federal government must take steps to ensure that the conservatorship is receiving proper oversight. The wasteful nature of these bonuses, however, is a step in the wrong direction.

The idea that Fannie Mae and Freddie Mac, which rely on taxpayer funding to stay afloat, must offer excessive bonuses to its executives to attract effective management strains credulity. We therefore urge you to make substantial changes to the executive compensation policies to more accurately reflect the public mission of your agency and the fiscal reality facing the GSEs and the federal government. We also request an update regarding your actions to reform compensation package protocol and what steps have been taken to address the concerns raised by the FHFA Inspector General in the March, 2011 report "Evaluation of Federal Housing Finance Agency's Oversight of Fannie Mae's and Freddie Mac's Executive Compensation Programs."

Sincerely,

Mark Begich
United States Senate

John Thune
United States Senate

Cc: The Honorable Timothy F. Geithner