

**United States of America
Office of Federal Housing Enterprise Oversight**

**In the Matter of
LELAND C. BRENDSEL**

November 6, 2007

**STIPULATION AND CONSENT TO THE ISSUANCE OF A
CONSENT ORDER**

The Director of the Office of Federal Housing Enterprise Oversight (“OFHEO”) issued a Notice of Charges on December 17, 2003 and subsequent amendments thereto seeking an order to cease and desist, civil money penalties, disgorgement, reimbursement and other relief against Leland C. Brendsel pursuant to 12 U.S.C. § 4631 and 12 U.S.C. § 4636.

Leland C. Brendsel filed an Answer to the Notice of Charges on February 10, 2004 and subsequent amendments thereto denying its allegations and asserting defenses.

Leland C. Brendsel and OFHEO consent to the issuance of a Consent Order, dated November 6, 2007 (“Order”) to resolve this matter.

In consideration of the above premises, the Director of OFHEO and Leland C. Brendsel hereby stipulate and agree to the following:

ARTICLE I

Jurisdiction

Freddie Mac is a corporation chartered pursuant to the Federal Home Loan Mortgage Corporation Act, 12 U.S.C. §§ 1451 *et seq.*, and subject to supervision and regulation by OFHEO pursuant to the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, 12 U.S.C. §§ 4501 *et seq.*

Leland C. Brendsel was Freddie Mac's Chief Executive Officer ("CEO") from at least 1985 until June 6, 2003.

Pursuant to 12 U.S.C. § 4637, the "resignation, termination of employment or participation, or separation of a director or executive officer of an enterprise shall not affect the jurisdiction and authority of the Director to issue any notice and proceed...against any such director or executive officer, if such notice is served before the end of the 2-year period beginning on the date such director or executive officer ceases to be associated with the enterprise."

ARTICLE II

Agreement

Leland C. Brendsel hereby consents and agrees to the issuance of the Order by the Director and agrees that said Order shall be fully enforceable by OFHEO under the provisions of 12 U.S.C. §§ 4635 and 4636.

ARTICLE III

Waivers

Leland C. Brendsel, by signing this Stipulation and Consent, hereby waives:

1. any hearing or any type of administrative proceeding pursuant to 12 U.S.C. § 4633 prior to entry of an order in connection with the Notice of Charges; and,
2. all rights to seek any type of judicial review of the Order.

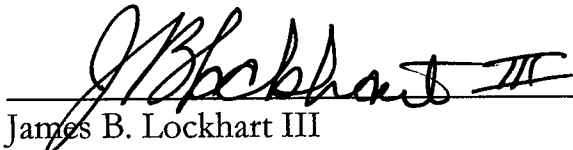
ARTICLE IV

Other Terms

Leland C. Brendsel agrees that the provisions of this Stipulation and Consent shall not be construed to limit or otherwise affect regulatory actions by other federal agencies.

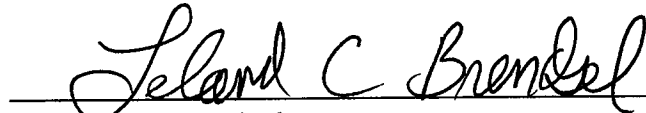
By the settlement and the actions taken pursuant thereto, neither OFHEO nor Mr. Brendsel admits liability in any respect or makes any admission as to factual or legal contents relating to the matters settled herein.

IN TESTIMONY WHEREOF, the undersigned, the Director of OFHEO, has hereunto set his hand on behalf of himself and OFHEO, this 6th day of November 2007.



James B. Lockhart III
Director, Office of Federal Housing Enterprise Oversight

IN TESTIMONY WHEREOF, the undersigned, Leland C. Brendsel, has hereunto set his hand of behalf of himself, this 6th day of November 2007.



Leland C. Brendsel

United States of America

**Office of Federal Housing Enterprise Oversight
Order No. 2007-2**

**In the Matter of
LELAND C. BRENDSEL**

CONSENT ORDER

The Office of Federal Housing Enterprise Oversight (“OFHEO”) believes and states as follows:

WHEREAS, OFHEO is authorized by federal law to conduct examinations of the Federal Home Loan Mortgage Corporation (“Freddie Mac”) in order to ensure its safety and soundness, Federal Housing Enterprises Financial Safety and Soundness Act of 1992, 12 U.S.C. §§ 4501 *et seq.* (“Safety and Soundness Act”);

WHEREAS, the Director of OFHEO issued a Notice of Charges on December 17, 2003, and amended that Notice of Charges on February 18, 2005, June 24, 2005, and October 9, 2007 (“Notice of Charges”), seeking an order to cease and desist, civil money penalties, disgorgement, reimbursement, and other relief against Leland C. Brendsel pursuant to 12 U.S.C. § 4631 and 12 U.S.C. § 4636, including compensation to Freddie Mac for certain damages suffered by Freddie Mac;

WHEREAS, Mr. Brendsel filed an Answer to the Notice of Charges denying its allegations and asserting defenses thereto on February 10, 2004, November 28, 2005, and October 15, 2007;

WHEREAS, a hearing pursuant to 12 U.S.C. § 4634 to adjudicate the Notice of Charges began on October 15, 2007 before a United States Administrative Law Judge in the District of Columbia; and,

WHEREAS, the Director believes that it would be in the public interest to enter into this Order;

NOW, THEREFORE, pursuant to the authority vested in him by the Safety and Soundness Act, 12 U.S.C. § 4631 and 12 U.S.C. § 4636, the Director hereby finds and orders:

ARTICLE I

Findings

1. Freddie Mac is a government sponsored enterprise, 12 U.S.C. §§ 1451, *et seq.*, regulated by OFHEO under the Safety and Soundness Act.
2. OFHEO is an independent entity within the Department of Housing and Urban Development with the primary mission of ensuring the capital adequacy and

safety and soundness of the government sponsored enterprises it regulates as established in the Safety and Soundness Act.

3. Pursuant to 12 U.S.C. § 4513, the Director is charged with ensuring that the enterprises OFHEO regulates operate safely and soundly and with adequate capital. In this regard, the Director is authorized to make such determinations, take such actions and perform such functions as the Director determines necessary, including the institution of administrative and enforcement actions pursuant to the Safety and Soundness Act. The Director may seek cease and desist orders, the imposition of civil money penalties and restitution, disgorgement and other relief relating to the enterprises and their present and former executive officers and directors.

ARTICLE II

PAYMENTS AND OTHER AGREEMENTS

1. In satisfaction of claims for civil money penalties, bonus repayments, disgorgement and other remedies and in exchange for the releases contained in Article III of this Order, Mr. Brendsel agrees:

- a. that a cash payment of \$2.5 million be made to the government, as directed by OFHEO;
- b. that a cash payment, representing disgorgement of monies representing salaries and bonuses previously paid by Freddie Mac, of \$10.5

million be made to Freddie Mac, as directed by OFHEO. Such cash payment is to be employed by Freddie Mac to support programs and initiatives to assist homeowners threatened with loss of their homes or related initiatives to assist homeownership; and,

- c. to waive any further claims for salary or bonus compensation from Freddie Mac.

2. Nothing set forth in this Consent Order shall be construed to limit or reduce or otherwise affect any benefit due Leland C. Brendsel from any other party.

3. Mr. Brendsel agrees not to accept future employment with Freddie Mac except with the permission of the Director of OFHEO. Nothing in this provision shall be construed to apply to an entity that employs or is affiliated with Mr. Brendsel and that does business with Freddie Mac so long as Mr. Brendsel's compensation is not directly tied to or based on that entity's business relationship with Freddie Mac.

ARTICLE III


RELEASES

1. The provisions of this Consent Order shall constitute a settlement of OFHEO's Notice of Charges against Mr. Brendsel. The Director shall not institute further proceedings for the acts alleged in the Notice of Charges or any other matters

arising out of Mr. Brendsel's employment at or service as a member of the Board of Directors at Freddie Mac. Nothing herein constitutes, nor shall Leland C. Brendsel contend that it constitutes, a waiver of any right, power or authority of any representative of the United States or agencies thereof, other than OFHEO, to bring other actions deemed appropriate.

2. Mr. Brendsel releases fully and covenants not to sue OFHEO, or any officer or employee of OFHEO, for any and all claims or causes of actions related to the issuance of the Notice of Charges, the conduct of the Special Examination or the Report of Special Examination. The Consent Order shall be binding on Mr. Brendsel, his heirs, successors, agents and executors, and also shall be binding on the OFHEO's Director, officials, agents, employees and successors.

So ordered this 6th day of November 2007.



James B. Lockhart III
Director, Office of Federal Housing Enterprise Oversight