

112TH CONGRESS
1ST SESSION

H. R. 31

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

JANUARY 5, 2011

Mrs. BIGGERT 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 2011”.

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

2 (a) REPORTING REQUIREMENT.—For each reporting
3 period, the Inspector General of the Federal Housing Fi-
4 nance Agency shall submit to the Congress a report for
5 each enterprise that summarizes the activities of the In-
6 spector General with respect to such enterprise, and the
7 activities and condition of such enterprise, during such re-
8 porting period.

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

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

22 (2) An explanation of, including rationale for,
23 all compensation and bonuses paid to any executive
24 officer (as such term is defined in section 1303 of
25 the Housing and Community Development Act of
26 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, 2009, and 2010
13 through foreclosure mitigation activities of the enter-
14 prise that have, during such period, entered into de-
15 fault.

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

24 (5) A listing with description of any formal or
25 informal communication between Governors and

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

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

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

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

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

1 family, and condominium residential homes
2 securitized by the enterprise and the ability of such
3 criteria to ensure such safety and soundness.

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

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

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

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

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

1 port for each such reporting period shall be sub-
2 mitted not later than the expiration of the 60-day
3 period beginning upon the conclusion of such report-
4 ing period.

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

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

1 such shorter period as the Inspector General con-
2 sidered appropriate). Each report for each such re-
3 porting period shall be submitted not later than the
4 expiration of the 60-day period beginning upon the
5 conclusion of such reporting period.

6 (d) PUBLIC AVAILABILITY.—The Inspector General
7 shall—

8 (1) make information regarding the activities of
9 the Inspector General, including each report sub-
10 mitted to the Congress pursuant to this section,
11 available to the public, including through a World
12 Wide Web site of the Federal Housing Finance
13 Agency; and

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

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

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

24 (A) began upon appointment of the Fed-
25 eral Housing Finance Agency as conservator for

1 the enterprise on September 6, 2008, pursuant
2 to section 1367 of the Housing and Community
3 Development Act of 1992 (12 U.S.C. 4617);
4 and

5 (B) ends upon the termination of such con-
6 servatorship of the enterprise.

7 (2) INSPECTOR GENERAL.—The term “Inspec-
8 tor General” means the Inspector General of the
9 Federal Housing Finance Agency, appointed pursu-
10 ant to section 1317(d) of the Housing and Commu-
11 nity Development Act of 1992 (12 U.S.C. 4517).

12 (3) ENTERPRISE.—The term “enterprise”
13 means the Federal National Mortgage Association
14 and the Federal Home Loan Mortgage Corporation.

15 (4) REPORTING PERIOD.—The term “reporting
16 period” means a period described in paragraph (1),
17 (2), (3), or (4) of subsection (c).

18 **SEC. 3. INSPECTOR GENERAL OF THE FEDERAL HOUSING**
19 **FINANCE AGENCY.**

20 Section 1317 of the Housing and Community Devel-
21 opment Act of 1992 (12 U.S.C. 4517) is amended by
22 striking subsection (d) and inserting the following new
23 subsection:

24 “(d) INSPECTOR GENERAL.—

1 “(1) APPOINTMENT.—There shall be within the
2 Agency an Inspector General, who shall be appointed
3 in accordance with section 3(a) of the Inspector
4 General Act of 1978.

5 “(2) DIRECT HIRE AUTHORITY.—

6 “(A) APPOINTMENT AUTHORITY.—Subject
7 to subparagraph (B), the Inspector General of
8 the Agency may appoint candidates to any posi-
9 tion in Office of the Inspector General of the
10 Agency—

11 “(i) in accordance with the statutes,
12 rules, and regulations governing appoint-
13 ments in the excepted service; and

14 “(ii) notwithstanding any statutes,
15 rules, and regulations governing appoint-
16 ments in the competitive service.

17 “(B) APPLICABILITY.—Subparagraph (A)
18 shall apply with respect to any position within
19 the Office of the Inspector General of the Agen-
20 cy, and the authority under such subparagraph
21 shall be effective only during the 12-month pe-
22 riod beginning upon the enactment of the
23 Fannie Mae and Freddie Mac Accountability
24 and Transparency for Taxpayers Act of 2011.

1 “(C) DUAL COMPENSATION WAIVER AU-
2 THORITY.—

3 “(i) WAIVER AUTHORITY.—Subject to
4 subparagraph (B) and notwithstanding
5 section 8468 of title 5, United States
6 Code, or any other statute, rule, or regula-
7 tion prescribing the termination of retire-
8 ment annuities or the offset of such annu-
9 ities for annuitants who are re-employed
10 by the Federal Government, if an annu-
11 itant receiving an annuity from the Civil
12 Service Retirement and Disability Fund
13 becomes employed in a position within the
14 Office of the Inspector General of the
15 Agency, the annuity of such annuitant
16 shall continue without termination or off-
17 set. An annuitant so reemployed shall not
18 be considered an employee for purposes of
19 chapter 83 or 84 of title 5, United States
20 Code.

21 “(ii) APPLICABILITY.—Subparagraph
22 (A) shall apply with respect to any position
23 within the Office of the Inspector General
24 of the Agency, and the authority under
25 such subparagraph shall be effective only

1 during the 36-month period beginning
2 upon the enactment of the Fannie Mae
3 and Freddie Mac Accountability and
4 Transparency for Taxpayers Act of 2011.

5 “(3) LAW ENFORCEMENT AUTHORITY.—The
6 Office of the Inspector General of the Agency shall
7 be treated as an office included under section
8 6(e)(3) of the Inspector General Act of 1978 (5
9 U.S.C. App.), relating to the exemption from the ini-
10 tial determination of eligibility by the Attorney Gen-
11 eral.”.

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