



Congress of the United States
House of Representatives
Washington, DC 20515

May 1, 2019

The Honorable Mark Calabria
Director
Federal Housing Finance Agency
400 7th St SW
Washington, DC 20024-2585

Dear Director Calabria:

I write today to inform you that I am awarding this month's Golden Fleece to the Federal Housing Agency (FHFA) as the regulator of the Government Sponsored Enterprises (GSE), Fannie Mae and Freddie Mac, for their chief executive officers' receiving compensation in excess of the \$600,000 Congressionally mandated cap.

According to two March 26, 2019 FHFA Office of Inspector General (OIG) reports, the GSEs created a new job, "President," and, in doing so, "acted to circumvent the congressionally manded cap of \$600,000 on CEO compensation."¹ Additionally, according to the OIG reports, "Fannie Mae is now compensating its Interim CEO and President a total of \$4.2 million to execute the same responsibilities for which it had previously paid \$600,000,"² and Freddie Mac "is paying a total of \$3.85 million in compensation for the same set of responsibilities for which it previously paid \$600,000."³

When the GSEs were put into conservatorship in 2008, FHFA was given regulatory oversight over executive compensation. According to a November 16, 2015 U.S. House of Representatives Committee report, between 2009 and 2011, FHFA approved tens of millions of dollars in compensation pay for the GSEs' top 12 executives.⁴ Further, according to the same House Committee Report:

In 2012, then-FHFA Director Ed DeMarco capped compensation at \$600,000. In early 2015, however, FHFA Director Mel Watt allowed the GSEs to raise their CEO pay to as much as the twenty-fifth percentile of comparable companies. This ultimately allowed both GSEs to increase their CEO pay from the previous cap of \$600,000 to \$4 million annually.⁵

¹ FHFA OIG. EVL-2019-001. *FHFA's Approval of Senior Executive Succession Planning at Fannie Mae Acted to Circumvent the Congressionally Mandated Cap on CEO Compensation*. March 26, 2019. Page 3, [hereafter March 26 OIG Fannie Mae] and FHFA OIG. EVL-2019-002. *FHFA's Approval of Senior Executive Succession Planning at Freddie Mac Acted to Circumvent the Congressionally Mandated Cap on CEO Compensation*. March 26, 2019. Page 4, [hereafter March 26 OIG Freddie Mac]

² March 26 OIG Fannie Mae. Page 3.

³ March 26 OIG Freddie Mac. Page 4.

⁴ U.S. House of Representatives Report. H. Rept. 114-339. *Equity in Government Compensation Act of 2015*. November 16, 2015. Page 2.

⁵ *Id.* Page 2.

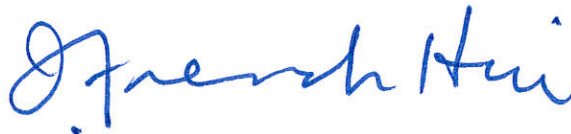
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Following that action by Director Watt, the House and Senate passed The Equity in Government Compensation Act of 2015 (P.L. 114-93), which prevented FHFA from approving raises for the GSE CEOs from \$600,000 to \$4 million

It is stunning that GSE and FHFA leadership would blatantly skirt this Congressionally mandated cap after having received nearly \$200 billion in bailouts since going under government conservatorship in 2008. As long as the GSEs are in conservatorship, the taxpayers, through the Treasury Department, are on the hook for a \$250 billion line of credit. I believe the first obligation of FHFA should be repaying the taxpayers, not violating Congressional intent by allowing more than \$8 million in compensation for four people doing the same jobs that two people are authorized to undertake for \$1.2 million.

I recognize that this decision occurred before your time at FHFA, but while Congress still must work to enact necessary reforms to our GSEs, FHFA must be accountable and responsible for ensuring the protection of our hardworking taxpayers' dollars. I am committed to eradicating this type of inefficient and ineffective policy by our federal agencies. Should you require any additional authority from Congress to address these concerns, I urge you to notify us as soon as possible. I invite your immediate attention to these concerns, and I look forward to working with you to address this important issue.

Sincerely,



French Hill
Member of Congress