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24TH DISTRICT, TEXAS

COMMITTEE ON
WAYS AND MEANS

SUBCOMMITTEE ON
SELECT REVENUE MEASURES

SUBCOMMITTEE ON OVERSIGHT

SUBCOMMITTEE ON
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Congress of the United States
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November 16, 2011

The Honorable Timothy F. Geithner
Secretary
U.S. Department of Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20220

Dear Secretary Geithner:

As I am sure you are aware, excessive bonuses paid to executives of the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) have recently caused significant concern among my colleagues and my constituents. I am writing to request that you withhold future payments from the U.S. Treasury to Fannie Mae and Freddie Mac until excessive executive bonuses are ended and the public trust is restored in this agency.

Fannie Mae and Freddie Mac have received approximately \$170 billion in taxpayer money to support their operations since entering conservatorship in September of 2008. Despite this substantial bailout, they continue to post quarterly losses, most recently of \$5.1 billion and \$2.5 billion respectively. Both enterprises are now estimating that they will require a combined total of approximately \$14 billion more taxpayer dollars to stay afloat. In the midst of this continually dismal performance, it has now come to light that the top ten executives in Fannie Mae and Freddie Mac were paid a combined total of \$12.79 million worth of bonuses in the past year. This is on top of the millions of more dollars that constituted their base compensation.

In a time when American families are having much difficulty making ends meet and the federal government is facing fiscal challenges, it should come as no surprise that exorbitant bonuses to the officers of troubled government-sponsored enterprises (GSEs) have greatly upset my constituents, my colleagues, and myself. While the Federal Housing Finance Agency (FHFA) gave final approval to the compensation levels proposed by the boards of Fannie Mae and Freddie Mac, it is my understanding that the FHFA director's assessment of compensation proposals is performed in consultation with you. I request the release of all documents exchanged between the FHFA and the Department of Treasury regarding the compensation of executives of these two GSEs. More importantly, moving forward, I ask you to work with the FHFA to end excessive executive bonus payments to Fannie Mae and Freddie Mac.

Thank you for your review of this correspondence and I look forward to receiving your reply.
Should you have any questions regarding this letter, please feel free to contact me or my
Legislative Director, Scott Cunningham, at 202.225.6605 or scott.cunningham@mail.house.gov.

Sincerely,

A handwritten signature in cursive script that reads "Kenny Marchant". The signature is written in black ink and has a long, horizontal flourish extending to the right.

Kenny Marchant
Member of Congress