

United States House of Representatives  
Committee on Financial Services  
Washington, DC 20515

August 6, 2010

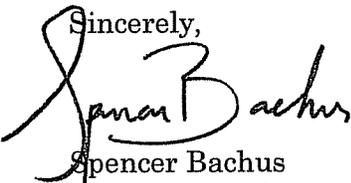
The Honorable Barney Frank  
Chairman  
Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Frank:

Recent disclosures lead me to respectfully request that the Financial Services Committee hold a hearing as soon as we return from the August recess to examine whether Fannie Mae executives mishandled and mismanaged Federal foreclosure mitigation programs, including the Home Affordable Modification Program (HAMP). These allegations are of particular concern, not only because taxpayers have invested more than \$85 billion in Fannie Mae to offset its losses, but also because it is being reported that the Administration might order the government-controlled mortgage finance company to forgive many Americans' mortgage debts later this month.

Among other witnesses, including Fannie Mae executives and its regulator, the Committee should hear testimony from whistleblower Caroline Herron, a former Fannie Mae executive and consultant, who has accused the GSE of "mismanagement and gross waste of public funds." Ms. Herron has charged in a lawsuit that Fannie Mae pushed as many borrowers as possible into short-term trial modifications because the Treasury Department was offering incentive payments for trial modifications booked before the end of 2009. If true, it would help explain why HAMP has been such a failure. It would mean that thanks to Fannie Mae's executives' misfeasance, particularly a preoccupation with short-term financial gain, HAMP was only able to permanently modify about 230,000 mortgages, instead of the 3 million modifications that the Obama Administration promised.

Thank you for your consideration of this request.

Sincerely,  
  
Spencer Bachus  
Ranking Member