

112TH CONGRESS  
1ST SESSION

# H. R. 2093

To establish the Fannie Mae and Freddie Mac Investigative Commission to investigate the policies and practices engaged in by officers and directors at Fannie Mae and Freddie Mac responsible for making the decisions that led to the enterprises' financial instability and the subsequent Federal conservatorship of such enterprises.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 2, 2011

Ms. KAPTUR introduced the following bill; which was referred to the  
Committee on Financial Services

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## A BILL

To establish the Fannie Mae and Freddie Mac Investigative Commission to investigate the policies and practices engaged in by officers and directors at Fannie Mae and Freddie Mac responsible for making the decisions that led to the enterprises' financial instability and the subsequent Federal conservatorship of such enterprises.

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 Investigative Commission Act”.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) The term “Commission” means the Fannie  
4 Mae and Freddie Mac Investigative Commission es-  
5 tablished under section 3.

6 (2) The term “Fannie Mae” means the Federal  
7 National Mortgage Corporation.

8 (3) The term “Freddie Mac” means the Fed-  
9 eral Home Loan Mortgage Corporation.

10 **SEC. 3. ESTABLISHMENT.**

11 There is established a commission to be known as the  
12 “Fannie Mae and Freddie Mac Investigative Commis-  
13 sion”.

14 **SEC. 4. DUTY OF THE COMMISSION.**

15 (a) IN GENERAL.—The Commission shall investigate,  
16 determine, and make recommendations to Congress with  
17 respect to the policies, practices, and board decisions of  
18 Fannie Mae and Freddie Mac subsequent to the actions  
19 of the Resolution Trust Corporation during the late 1980s  
20 and from the 1990s through the present that led to the  
21 enterprises’ financial instability and the subsequent Fed-  
22 eral conservatorship of such enterprises.

23 (b) SPECIFIC TOPICS.—In carrying out its duty  
24 under subsection (a), the Commission shall address and  
25 analyze, by year, beginning in 1990 and through the  
26 present, the following:

1           (1) The appropriate role of Fannie Mae and  
2 Freddie Mac in expanding homeownership and the  
3 appropriate role in helping the housing market re-  
4 cover nationwide.

5           (2) Fannie Mae and Freddie Mac's involve-  
6 ment, if any, in the development of faulty risk  
7 standards and accounting practices and the creation  
8 and proliferation of the securitized mortgage instru-  
9 ment, and how such instrument affected the solvency  
10 of such enterprises.

11          (3) The role of the boards of directors of  
12 Fannie Mae and Freddie Mac in developing and vot-  
13 ing for the investment, accounting, and contracting  
14 policies of such enterprises, particularly as they re-  
15 late to risk assessments, subprime mortgages, and  
16 the international securitization of mortgages.

17          (4) Any board members, working committees,  
18 or executive officers responsible for making the deci-  
19 sions to adapt or change risk assessments or grow  
20 Fannie Mae and Freddie Mac's portfolios of  
21 subprime mortgage loans, a summary of actual  
22 board votes on the same, and the process that led  
23 to such decisions.

24          (5) The decisions of the boards or executive of-  
25 ficers of Fannie Mae and Freddie Mac that contrib-

1       uted or may have contributed to the overvaluation of  
2       risky mortgage investments in the stock market and,  
3       later, to the growth of the subprime mortgage indus-  
4       try.

5           (6) The annual compensation, including all  
6       forms of compensation, stock options, and other fi-  
7       nancial benefits accrued to each of Fannie Mae and  
8       Freddie Mac's executive officers and members of the  
9       boards of directors.

10          (7) Such other matters that the Congress may  
11       place before the Commission.

12 **SEC. 5. MEMBERSHIP.**

13       (a) NUMBER AND APPOINTMENT.—

14           (1) IN GENERAL.—The Commission shall be  
15       composed of 8 members, appointed as follows:

16           (A) Two members appointed by the Speak-  
17       er of the House of Representatives.

18           (B) Two members appointed by the minor-  
19       ity leader of the House of Representatives.

20           (C) Two members appointed by the major-  
21       ity leader of the Senate.

22           (D) Two members appointed by the minor-  
23       ity leader of the Senate.

24           (2) QUALIFICATIONS.—Members of the Com-  
25       mission shall be individuals who are of recognized

1 standing and distinction in the areas of banking, se-  
2 curities and finance regulation, consumer advocacy  
3 and fair housing programs, and the mortgage indus-  
4 try.

5 (3) CONFLICT OF INTEREST.—Members of the  
6 Commission shall not have a conflict of interest that  
7 is relevant to any matter the Commission is required  
8 to investigate under section 4.

9 (4) DEADLINE FOR APPOINTMENT.—Members  
10 of the Commission shall be appointed not later than  
11 90 days after the date of enactment of this Act.

12 (5) CHAIRPERSON.—The Chairperson of the  
13 Commission shall be designated by the Speaker of  
14 the House of Representatives at the time of appoint-  
15 ment.

16 (b) TERMS.—

17 (1) IN GENERAL.—Each member shall be ap-  
18 pointed for the life of the Commission.

19 (2) VACANCIES.—A vacancy on the Commission  
20 shall—

21 (A) not affect the power of the remaining  
22 members to execute the duty of the Commis-  
23 sion; and

24 (B) be filled in the manner in which the  
25 original appointment was made.

1 (c) COMPENSATION.—

2 (1) RATES OF PAY; TRAVEL EXPENSES.—Each  
3 member shall serve without pay, except that each  
4 member shall receive travel expenses, including per  
5 diem in lieu of subsistence, in accordance with appli-  
6 cable provisions under subchapter I of chapter 57 of  
7 title 5, United States Code.

8 (2) PROHIBITION OF COMPENSATION OF FED-  
9 ERAL EMPLOYEES.—Notwithstanding paragraph (1),  
10 any member of the Commission who is a full-time of-  
11 ficer or employee of the United States may not re-  
12 ceive additional pay, allowances, or benefits because  
13 of service on the Commission.

14 (d) MEETING REQUIREMENTS.—

15 (1) FREQUENCY.—

16 (A) QUARTERLY MEETINGS.—The Com-  
17 mission shall meet at least quarterly.

18 (B) ADDITIONAL MEETINGS.—In addition  
19 to quarterly meetings, the Commission shall  
20 meet at the call of the Chairperson or a major-  
21 ity of its members.

22 (2) QUORUM.—Five members of the Commis-  
23 sion shall constitute a quorum, but a lesser number  
24 may hold hearings.

1           (3) MEETING BY TELEPHONE OR OTHER AP-  
2 PROPRIATE TECHNOLOGY.—Members of the Com-  
3 mission are permitted to meet using telephones or  
4 other suitable telecommunications technologies pro-  
5 vided that all members of the Commission can fully  
6 communicate with all other members simultaneously.

7 **SEC. 6. DIRECTOR AND STAFF OF COMMISSION; EXPERTS**  
8 **AND CONSULTANTS.**

9 (a) DIRECTOR.—

10           (1) APPOINTMENT.—The Commission shall  
11 have a Director who shall be appointed by the Chair-  
12 person with the approval of the Commission.

13           (2) CREDENTIALS.—The Director shall have ex-  
14 perience in the areas of banking, securities and fi-  
15 nance regulation, consumer advocacy and fair hous-  
16 ing programs, and the mortgage industry.

17           (3) SALARY.—The Director shall be paid at a  
18 rate determined by the Chairperson with the ap-  
19 proval of the Commission, except that such rate may  
20 not exceed the rate of basic pay for GS–15 of the  
21 General Schedule.

22           (b) STAFF.—With the approval of the Chairperson,  
23 the Director may appoint and fix the pay of additional  
24 qualified personnel as the Director considers appropriate.

1       (c) EXPERTS AND CONSULTANTS.—With the ap-  
2       proval of the Commission, the Director may procure tem-  
3       porary and intermittent services under section 3109(b) of  
4       title 5, United States Code, but at rates for individuals  
5       not to exceed the daily equivalent of the maximum annual  
6       rate of basic pay for GS–15 of the General Schedule.

7       (d) STAFF OF FEDERAL AGENCIES.—Upon request  
8       of the Commission, Chairperson, or Director, the head of  
9       any Federal department or agency may detail, on a nonre-  
10      imbursable basis, any of the personnel of that department  
11      or agency to the Commission to assist the Commission in  
12      carrying out its duty under this Act.

13      **SEC. 7. POWERS OF COMMISSION.**

14      (a) HEARINGS AND SESSIONS.—The Commission  
15      may, for the purposes of carrying out this Act, hold hear-  
16      ings, sit and act at such times and such places, take testi-  
17      mony, and receive evidence as the Commission considers  
18      appropriate.

19      (b) SUBPOENA POWER.—

20              (1) IN GENERAL.—The Commission may issue  
21      a subpoena to require the attendance and testimony  
22      of witnesses and the production of evidence relating  
23      to any matter under investigation by the Commis-  
24      sion.



1           (2) ISSUANCE AND SIGNATURE.—Subpoenas  
2 issued under paragraph (1) shall bear the signature  
3 of the Chairperson of the Commission and shall be  
4 served by any person or class of persons designated  
5 by the Chairperson for that purpose.

6           (3) ENFORCEMENT.—If a person refuses to  
7 obey a subpoena issued under paragraph (1), the  
8 Commission may apply to a United States district  
9 court for an order requiring that person to appear  
10 before the Commission to give testimony, produce  
11 evidence, or both, relating to the matter under inves-  
12 tigation. The application may be made within the ju-  
13 dicial district where the hearing is conducted or  
14 where that person is found, resides, or transacts  
15 business. Any failure to obey the order of the court  
16 may be punished by the court as civil contempt.

17          (c) POWERS OF MEMBERS AND AGENTS.—Any mem-  
18 ber or agent of the Commission may, if authorized by the  
19 Commission, take any action which the Commission is au-  
20 thorized to take under this Act.

21          (d) OBTAINING OFFICIAL DATA.—The Commission  
22 may secure directly from any department or agency of the  
23 United States information necessary to enable it to carry  
24 out its duty under this Act. Upon request of the Chair-

1 person, the head of that department or agency shall fur-  
2 nish that information to the Commission.

3 (e) PHYSICAL FACILITIES AND EQUIPMENT.—The  
4 Architect of the Capitol, in consultation with the appro-  
5 priate entities in the legislative branch, shall locate and  
6 provide suitable facilities and equipment for the operation  
7 of the Commission on a nonreimbursable basis.

8 (f) ADMINISTRATIVE SUPPORT SERVICES.—Upon re-  
9 quest of the Commission, the Architect of the Capitol and  
10 the Administrator of the General Services shall provide to  
11 the Commission on a nonreimbursable basis such adminis-  
12 trative support services as the Commission may request  
13 in order for the Commission to carry out its duty under  
14 this Act.

15 (g) BYLAWS, RULES, AND REGULATIONS.—The  
16 Commission may adopt, amend, and repeal bylaws, rules,  
17 and regulations governing the conduct of its business and  
18 the performance of its duties.

19 (h) COMMISSION RECORDS.—The Commission shall  
20 keep accurate and complete records of its doings and  
21 transactions which shall be made available for public in-  
22 spection, and for the purpose of audit and examination  
23 by the Comptroller General or his designee.

1 **SEC. 8. INFORMATION FROM FREDDIE MAC, FANNIE MAE,**  
2 **AND THE FHFA.**

3 (a) ENTERPRISES.—Fannie Mae and Freddie Mac  
4 shall provide full and prompt access to the Commission  
5 to any books, records, and other information requested for  
6 the purposes of carrying out its duty under this Act.

7 (b) FHFA.—Upon request of the Commission, the  
8 Director of the Federal Housing Finance Agency shall  
9 provide access to any information necessary to assist the  
10 Commission in carrying out its duty under this Act.

11 **SEC. 9. REPORT.**

12 Not later than 12 months after the date on which  
13 all initial members are appointed, the Commission shall  
14 submit to Congress a final report containing a detailed  
15 statement of the findings, conclusions, and recommenda-  
16 tions of the Commission.

17 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

18 There are authorized to be appropriated to the Com-  
19 mission such sums as may be necessary for fiscal year  
20 2011 to carry out this Act.

21 **SEC. 11. TERMINATION.**

22 The Commission shall terminate following the sub-  
23 mission and presentation of its final report and rec-  
24 ommendations under section 9, but not later than 30 days  
25 after such submission and presentation.

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