



Federal Housing Finance Agency

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FINAL SUSPENSION ORDER

The Federal Housing Finance Agency, as safety and soundness regulator of Fannie Mae, Freddie Mac, and the eleven Federal Home Loan Banks (the “regulated entities”), is issuing this Final Order pursuant to the following legal authorities:

1. Section 1313B of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act) authorizes FHFA to establish standards for the regulated entities regarding prudential management of risks. FHFA is authorized to issue orders requiring the regulated entities to take any action that will best carry out the purposes of that section. *See* 12 U.S.C. 4513b(b)(2)(B)(iii).
2. Section 1319G of the Safety and Soundness Act authorizes FHFA to issue any orders necessary to ensure that the purposes of the Safety and Soundness Act are accomplished. *See* 12 U.S.C. 4526(a).
3. Section 1313 of the Safety and Soundness Act authorizes FHFA to exercise such incidental powers as may be necessary in the supervision and regulation of each regulated entity. *See* 12 U.S.C. 4513(a)(2).

Consistent with these authorities, FHFA has determined that any business relationship between Shirene Hernandez and a regulated entity would present excessive risk to the safety and soundness of the regulated entity.

This determination is based on the following findings:

1. Shirene Hernandez was employed by Fannie Mae at its office in Irvine, California, as a Real Estate Owned Foreclosure (“REO”) Specialist.
2. Shirene Hernandez received a salary for her work at Fannie Mae; she was not entitled to receive compensation from the sale of Fannie Mae REO properties and was not allowed to purchase those properties for her own personal benefit.
3. Shirene Hernandez, with the intent to defraud, devised, participated in, and executed a scheme to defraud Fannie Mae as to material matters, including by using her official position to enrich herself and her co-conspirators by approving below-market sales of Fannie Mae REO properties to herself, through intermediaries and alter egos, and to others, and by soliciting and accepting bribes, kickbacks, gifts, payments, and other

things of value from real estate brokers and agents, in exchange for official action taken by Shirene Hernandez, namely, the assignment of Fannie Mae REO property listings and the sale of Fannie Mae REO properties for below market value.

4. On January 14, 2020, Shirene Hernandez was sentenced by the United States District Court, Central District of California to imprisonment for a term 76 months and supervised release for a term of 3 (three) years.
5. The conduct above occurred in connection with real estate and financial transactions.

With this Final Order, FHFA is directing each regulated entity to cease any business relationship with Shirene Hernandez for ten (10) years, beginning on October 26, 2020. This suspension extends to any individual, company, partnership or other group that FHFA determines to be an affiliate of Shirene Hernandez.

This Final Order's requirement for regulated entities to cease any business relationship with Shirene Hernandez does not apply to the existing or future purchase, sale, modification, foreclosure alternative transaction, or other foreclosure-related transaction of a residential mortgage loan owned by a regulated entity, if Shirene Hernandez is the borrower of such residential mortgage loan and the transaction is for the borrower's own personal or household residence.

This Final Order will be a final action of the Federal Housing Finance Agency.

Alfred M. Pollard, Official Suspension