

Congress of the United States
Washington, DC 20515

August 18, 2010

Edward J. DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, N.W.
Washington, D.C. 20552-0003

Dear Acting Director DeMarco:

We are writing regarding the Federal Housing Finance Agency's (FHFA) notice of proposed rulemaking which sets forth a framework for the conservatorship and receivership operations of Fannie Mae, Freddie Mac, and the Federal Home Loan Banks.

We have serious concerns with the proposed rule because it could insulate Fannie Mae, Freddie Mac and the Federal Home Loan Banks from being held accountable for fraudulent acts perpetrated against taxpayers prior to FHFA placing Fannie Mae and Freddie Mac into conservatorship. Specifically, the proposed rule would relegate securities claims, even those based on fraud, to the lowest priority in receivership and, except where permitted by the Director, prohibit the payment of securities litigation claims while the regulated entities are in conservatorship.

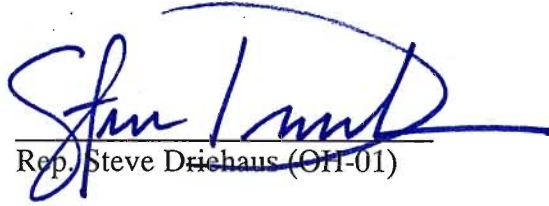
We would like to draw your attention to one particular lawsuit: a securities fraud class action lawsuit filed by the Attorney General of the State of Ohio against Fannie Mae in 2004, prior to the FHFA taking control through conservatorship. The complaint alleges, among other things, that the plaintiffs suffered significant damages as a result of Fannie Mae's and its former executives' fraudulent accounting practices. That fraud resulted in the Securities and Exchange Commission ordering Fannie Mae to issue a 2006 restatement of financial position in which Fannie Mae wiped out over \$10 billion of its previously reported earnings and admitted to accounting violations in over 30 areas.

The Court-appointed Lead Plaintiffs in this class action suit are the Ohio Public Employees Retirement System and the State Teachers Retirement System of Ohio, and the class they represent is comprised of the nation's public, union, and private pension funds in almost all 50 states. Their beneficiaries include over 30 million active and retired fire fighters, police officers, teachers, health care providers, transportation workers, judges, and other public service employees.

It is our understanding that the proposed rule effectively would negate the ability of these pensioners to see the resolution of their claims through a court of law. While we recognize the challenges currently facing Fannie Mae and Freddie Mac, we nonetheless would like to ensure that the plaintiffs' ability to pursue these claims will be protected.

Thank you for your consideration of our request. We would be happy to discuss the matter with you further and look forward to your response.

Sincerely,

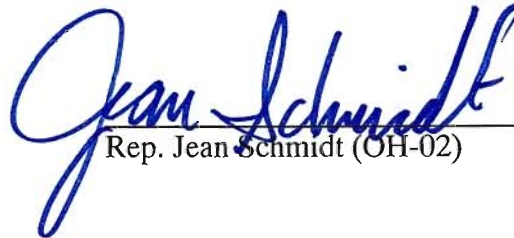

Rep. Steve Driehaus (OH-01)


Rep. Mary Jo Kilroy (OH-15)


Rep. Steve Austria (OH-07)


Rep. Marcia Fudge (OH-11)


Rep. Steve LaTourette (OH-14)


Rep. Jean Schmidt (OH-02)


Rep. Tim Ryan (OH-17)

Cc: Alfred Pollard, Esq.
Federal Housing Finance Agency