

Congress of the United States
Washington, DC 20510

May 30, 2012

Mr. Edward DeMarco
Acting Director
Federal Housing Finance Agency
700 G Street NW
Washington, DC 20552

Dear Mr. DeMarco,

We remain deeply concerned about excessive executive compensation at Fannie Mae and Freddie Mac, which as you are well aware, remain in conservatorship at the expense of the American taxpayer. After top executives at Fannie Mae and Freddie Mac received outrageous bonuses of \$12.7 million and salaries of \$900,000, a number of Senators contacted you in November 2011 urging you to reform and reduce compensation for top executives. In addition, Congress passed the Stop Trading on Congressional Knowledge Act of 2012 (P.L 112-105), which included a provision prohibiting bonuses for Senior Executives as long as the two Government Sponsored Entities remain in conservatorship. We were encouraged by your recent announcement to include a new compensation framework setting the target for executive compensation at \$500,000. This signaled to the American public that you received our message about reforming compensation loud and clear. We want to commend you for the progress that has been made.

However, we are troubled after news reports shed light on the \$600,000 salary that former JP Morgan Vice Chairman Donald Layton will now receive as Freddie Mac's new Chief Executive so quickly after your announcement. It is important to maintain your commitment to the target salary, as you work to rebuild the confidence of the American public.

While on the subject of the Government Sponsored Entities, since Fannie Mae recently reported a remarkable \$2.7 billion profit, we are requesting clarification of where those profits will be directed.

We are also concerned about the message sent by placing Mr. Layton in particular as Chief Executive of taxpayer-supported Freddie Mac. According to news reports, Mr. Layton will maintain close financial ties, including stock options and deferred compensation, with his former employer, and Freddie Mac does extensive business with JPMorgan. Freddie Mac has said Mr. Layton has agreed to recuse himself from matters related to JPMorgan "in specified circumstances," but these circumstances should be clearly defined and the relationship between the two entities must be closely monitored to avoid any conflict of interest.

Finally, we request that you provide an update on the long-term plan for executive compensation at Fannie Mae and Freddie Mac.

Sincerely,



Mark Begich
United State Senator



John McCain
United State Senator



Ron Wyden
United State Senator



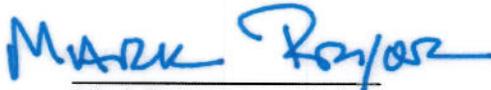
John Barrasso, M.D.
United State Senator



Jim Webb
United State Senator



Lindsey Graham
United State Senator



Mark Pryor
United State Senator



Sheldon Whitehouse
United State Senator



Richard Blumenthal
United State Senator



Robert P. Casey Jr.
United State Senator