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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

June 5, 2025

The Honorable William J. Pulte
Director
Federal Housing Financing Administration
400 7th St SW
Washington, D.C. 20219

Dear Director Pulte:

President Trump recently made a series of social media posts regarding his intention to reprivatize Fannie Mae and Freddie Mac (collectively, “the Enterprises”) by “TAKING THESE AMAZING COMPANIES PUBLIC.”¹ Hasty and poorly planned changes to the Enterprises could dramatically increase costs for families seeking to purchase a home, rewarding President Trump’s billionaire campaign contributors while making the housing crisis even worse. To date, the Administration has yet to issue a formal proposal and has made no details available to Congress, including how President Trump’s proposed actions would lower housing and homeownership costs for families facing the impacts of an accelerating housing crisis. Given the seismic change this decision represents and the concerns it raises about the stability of our nation’s housing and financial markets, we write to ask that the Federal Housing Finance Agency (FHFA) pause efforts to reprivatize or otherwise alter the Enterprises, including relisting their common and preferred stock, until you have fully briefed Congress on those plans. We are requesting both responses to the questions laid out in this letter and a briefing to discuss those responses. As FHFA Director, you have a duty to ensure the safety and soundness of the Enterprises, and a decision of this magnitude cannot be made on a whim without Congressional consultation and approval.

Congress placed the Enterprises into conservatorship under the *Housing and Economic Recovery Act of 2008* following a wave of predatory mortgage lending by the industry that sparked a mass foreclosure and financial crisis.² The foreclosure crisis resulted in the loss of over \$5 trillion in home equity for millions of homeowners with disproportionate impacts on communities of color.³ In 2010, FHFA directed the Enterprises “to delist their common and preferred stock from

¹ Truth Social post by Donald J. Trump, May 27, 2025,
<https://truthsocial.com/@realDonaldTrump/114582141732207441>.

² PL 110-289.

the New York Stock Exchange and any other national securities exchange.”⁴ At the time, then-FHFA Director Edward DeMarco stated that the “determination to direct delisting is related to stock exchange requirements for maintaining price levels and curing deficiencies.”⁵

Today, Americans are confronting one of the worst housing supply and affordability crises we have seen, with house prices increasing in Q1 2025 by another 4% over the prior year.⁶ The American dream of homeownership is virtually stalled for millions as rising mortgage rates compound high house prices, with the median age of first-time homebuyers at an all-time high.⁷ Even as these trends worsen, government-backed mortgage financing through the Enterprises remains one of the lowest cost sources of lending for homeowners and multifamily housing developers alike by providing liquidity to the mortgage market.⁸

We have serious concerns that you plan to make significant changes to the Enterprises in a way that would put investor profits over the homes of millions of Americans. Should President Trump make good on his plans, he may take us back to the status quo before the 2008 foreclosure crisis, when the Enterprises’ investors enjoyed the full profits that come with privatization while knowing taxpayers would be on the hook for any future failures. In fact, as Trump’s posts have fostered uncertainty for consumers, the Enterprises’ stock prices have seen significant gains.⁹

³ National Community Reinvestment Coalition, “The Foreclosure Crisis and Its Impact on Communities of Color: Research and Solutions,” James H. Carr et al., September 2011, p. 5, https://ncrc.org/wp-content/uploads/2011/10/ncrc_foreclosurewhitepaper_2011.pdf; See also Center for Responsible Lending, “Collateral Damage: The Spillover Costs of Foreclosures,” October 24, 2012, p. 2, <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/collateral-damage.pdf>.

⁴ FHFA, “FHFA Directs Delisting of Fannie Mae and Freddie Mac Stock from New York Stock Exchange,” press release, June 16, 2010, <https://www.fhfa.gov/news/news-release/fhfa-directs-delisting-of-fannie-mae-and-freddie-mac-stock-from-new-york-stock-exchange>

⁵ *Id.*

⁶ FHFA, “U.S. House Prices Rise 4.0 Percent over the Prior Year; Up 0.7 Percent from the Fourth Quarter of 2024,” press release, May 27, 2025, <https://www.fhfa.gov/news/news-release/u.s.-house-prices-rise-4.0-percent-over-the-prior-year-up-0.7-percent-from-the-fourth-quarter-of-2024>.

⁷ Realtor.com, “Mortgage Applications Fall for the Second Week in a Row as Higher Rates Weigh on Demand,” Keith Griffith, May 28, 2025, <https://www.realtor.com/news/real-estate-news/mortgage-applications-apply-for-loan-may-28-2025/>; See also NBC News, “Many first-time homebuyers are pushing 40 as millennials wait in vain for a better market,” Jing Feng and Christine Romans, April 18, 2025, <https://www.nbcnews.com/business/real-estate/many-first-time-homebuyers-are-pushing-40-millennials-wait-vain-better-rcna201786>.

⁸ FHFA, “About Fannie Mae & Freddie Mac,” Accessed on May 30, 2025, <https://www.fhfa.gov/about/fannie-mae-freddie-mac#:~:text=By%20packaging%20mortgages%20into%20MBS,of%20funds%20available%20for%20housing>.

⁹ Axios, “Fannie Mae and Freddie Mac surge on Trump post,” Felix Salmon, May 23, 2025, <https://www.axios.com/2025/05/23/fannie-freddie-trump-stocks>; See also Reuters, “Fannie, Freddie OTC shares rise as Trump prepares to take firms public,” Medha Singh, May 28, 2025, <https://www.reuters.com/business/fannie-freddie-otc-shares-climb-trump-prepares-take-firms-public-2025-05-28/>.

Meanwhile, economists have warned that reprivatizing the Enterprises could have disastrous effects on the mortgage market, driving up costs for homebuyers even further.¹⁰ For example, some experts have estimated that mortgage rates could increase by up to 1% in the first year of privatization alone.¹¹ Reprivatization could similarly affect the cost of multifamily loans, which provide lower cost financing to developers of multifamily housing and are an essential tool for increasing housing supply at-scale.¹²

Prior to the President's comments, you publicly acknowledged the importance of examining the potential impacts of reprivatization before making any changes to the status of the Enterprises. Specifically, you stated that "any discussion about exiting conservatorship needs not only to ensure safety and soundness but how it would affect mortgage rates."¹³ You even stated that any consideration should include "significant study" on the effects that reprivatization would have on mortgage rates.¹⁴ To our knowledge, neither FHFA nor the Administration have produced a study on the impact that releasing the Enterprises would have on safety and soundness, mortgage rates, or the housing market and financial system more broadly. Instead, the President's comments suggest his Administration will move ahead with reprivatization efforts without adequately assessing the impact of such a decision on the housing market.

It has also been reported that the Administration may consider relisting the Enterprises on a stock exchange.¹⁵ In fact, you recently stated in response to speculation about reprivatization plans that "[w]e're studying actually potentially keeping [the Enterprises] in conservatorship and taking [them] public."¹⁶ However, the Administration has also not released any information indicating whether the Enterprises' financial positions would make it feasible to take them public, including by relisting their common and preferred stock, or what taking them public would entail.

Furthermore, despite your statutory role as regulator and conservator of the Enterprises, you recently stated that President Trump will "eventually make whatever decision that he wants to make, on his own timeline."¹⁷ It is incredibly concerning that you appear to be conceding your

¹⁰ US News, "Mortgages Under Trump: What Happens if He Privatizes Fannie Mae and Freddie Mac?," Erik J. Martin, May 22, 2025, <https://money.usnews.com/loans/mortgages/articles/mortgages-under-trump-what-happens-if-he-privatizes-fannie-mae-and-freddie-mac>.

¹¹ *Id.*

¹² Commercial Observer, "Fannie Mae, Freddie Mac Privatization Carries Risks and Rewards for Real Estate," Patrick Sisson, March 21, 2025, <https://commercialobserver.com/2025/03/fannie-mae-freddie-mac-privatization-risks-what-it-means/>.

¹³ CNN, "Privatizing Fannie and Freddie not a top priority, says Trump's new FHFA director," Samantha Delouya, March 13, 2025, <https://www.cnn.com/2025/03/13/business/fannie-freddie-privatization-fhfa-director/>.

¹⁴ *Id.*

¹⁵ Realtor.com, "Trump Says Fannie Mae and Freddie Mac Would Retain Government Guarantees in Public Offering," Keith Griffith, May 29, 2025, <https://www.realtor.com/news/real-estate-news/trump-fannie-mae-freddie-mac-ipo/>.

¹⁶ American Banker, "What Trump's latest GSE comments could mean for mortgages," Andrew Martinez, March 29, 2025, <https://www.americanbanker.com/news/trumps-gse-comments-sparks-mortgage-rate-g-fee-speculation>.

responsibility to ensure the safety and soundness of the Enterprises to advance the President's political agenda.

To help us better understand the Administration's plans regarding the Enterprises, including but not limited to its reprivatization efforts, we request the following information by June 18, 2025, followed by a briefing to discuss your responses. Furthermore, we ask that you halt any plans to reprivatize the Enterprises until you have adequately assessed the potential impact of your plans on the housing market.

1. You recently said that privatization of the Enterprises was not a top priority for the Trump Administration.¹⁷ What changed, and what factors influenced the President's recent social media posts regarding taking the Enterprises "public" and releasing them from conservatorship?
2. Please provide a list of any meetings you have had since your Senate confirmation on March 13, 2025, regarding the privatization or release of the Enterprises from conservatorship, including dates for each meeting and names and affiliations of the attendees of each meeting.
 - a. Has FHFA met with any Enterprise shareholders? If so, provide names, affiliations, and dates for each meeting.
 - b. Has FHFA met with Bill Ackman or any other personnel working for or representing Pershing Square Capital Management, a hedge fund management company that owns significant shares in both Enterprises?¹⁹
 - c. Has FHFA met with personnel from any stock exchanges, including the New York Stock Exchange, which delisted each of the Enterprises' common and preferred shares in 2010?²⁰
3. Which agencies, departments, and White House officials have been involved in discussions regarding potential privatization or release of the Enterprises from conservatorship?
4. What is the estimated timeline for privatization or release of the Enterprises, or relisting their common and preferred stocks on any stock exchange?
5. What effects does FHFA expect removing the Enterprises' explicit federal "guarantees" to have on: mortgage rates, multifamily housing production, housing costs, investor confidence, and market liquidity? Please provide copies of any FHFA analyses and communications. If no analyses exist, please explain why not.

¹⁷ Reuters, "Fannie, Freddie OTC shares rise as Trump prepares to take firms public," Medha Singh, May 28, 2025, <https://www.reuters.com/business/fannie-freddie-otc-shares-climb-trump-prepares-take-firms-public-2025-05-28/>.

¹⁸ CNN, "Privatizing Fannie and Freddie not a top priority, says Trump's new FHFA director," Samantha Delouya, March 13, 2025, <https://www.cnn.com/2025/03/13/business/fannie-freddie-privatization-fhfa-director>.

¹⁹ *Supra* note 10; See also Barron's, "Ackman Could See \$1 Billion Gain on Fannie Mae, Freddie Mac Investments," Andrew Bary, January 10, 2025, <https://www.barrons.com/articles/bill-ackman-fannie-mae-stock-freddie-6e7141d6>.

²⁰ *Supra* note 3.

6. How do you plan to ensure that homebuying and multifamily lending costs do not rise if the Enterprises are privatized or released from conservatorship?
7. If the Enterprises are released from conservatorship, how would FHFA plan to conduct its regulatory responsibilities, including additional oversight? How would FHFA characterize primary areas of oversight focus?
8. How will the Administration guarantee compliance with consumer protections and other relevant laws if the Enterprises are released from conservatorship?

Sincerely,



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Catherine Cortez Masto
United States Senator



Tina Smith
United States Senator



Charles E. Schumer
United States Senator



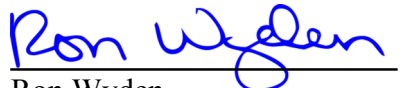
Raphael Warnock
United States Senator



Ruben Gallego
United States Senator



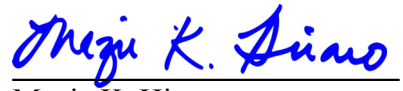
Bernard Sanders
United States Senator



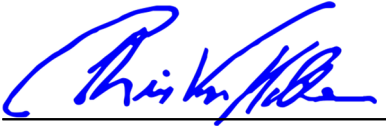
Ron Wyden
United States Senator



Andy Kim
United States Senator



Mazie K. Hirono
United States Senator



Chris Van Hollen
United States Senator



Gary C. Peters
United States Senator



Lisa Blunt Rochester
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