

United States Senate

WASHINGTON, DC 20510

February 26, 2025

The Honorable Scott Turner
Secretary
U.S. Department of Housing and Urban Development
451 7th Street SW
Washington, DC 20410

Dear Secretary Turner:

We are writing with questions about your role in any effort to reprivatize the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) and requesting your commitment that any reprivatization process will not raise housing costs for American families. During your confirmation process, you repeatedly spoke of the desire to reduce housing costs, a goal we share. However, right out of the gate, you are actively advocating for policy changes that would likely raise housing costs for hardworking Americans. One of the first policy issues you addressed as Secretary, in an interview on the day you were sworn in, was privatizing Fannie Mae and Freddie Mac.¹ You indicated that the Department of Housing and Urban Development (HUD) would be “one of” the “partners at the table” in the privatization effort and that you will serve as the “quarterback” in the process.² You did not indicate who your additional partners would be in these discussions.

Reprivatization of Fannie Mae and Freddie Mac threatens to raise the cost of mortgages and rent and make it even harder to access credit for purchasing a home. At a time when so many Americans are struggling with housing costs, we must ask why you are choosing as one of your first priorities a policy that only makes it harder for Americans to afford housing.

Since 2008, when Fannie Mae and Freddie Mac (the Enterprises) experienced severe financial stress and needed a significant investment from taxpayers, the Treasury Department has held senior preferred shares and warrants to purchase 79.9% of common shares in the two companies.³ At the same time that Treasury made this investment, the Enterprises’ regulator, the Federal Housing Finance Agency (FHFA), placed them in conservatorship and began operating as both their regulator and conservator.⁴

¹ Wall Street Journal, “Fannie, Freddie Privatization, Cost-Cutting and New Name Are Priorities for HUD Chief,” Gina Heeb, AnnaMaria Androit, and Corrie Driebusch, February 5, 2025, <https://www.wsj.com/finance/regulation/new-hud-chief-sets-sights-on-fannie-freddie-cost-cutting-and-new-name-2e83652f>.

² *Id.*

³ Federal Housing Finance Agency, “Senior Preferred Stock Purchase Agreements,” October 17, 2022, <https://www.fhfa.gov/conservatorship/senior-preferred-stock-purchase-agreements>.

⁴ Federal Housing Finance Agency, “History of Fannie Mae and Freddie Mac Conservatorships,” October 17, 2022, <https://www.fhfa.gov/conservatorship/history#:~:text=On%20September%206%2C%202008%2C%20with,place%20each%20Enterprise%20into%20conservatorship>.

In conservatorship, the Enterprises have made significant changes that have improved their operations to reduce risk and better serve homebuyers and renters, providing access to affordable mortgages for hardworking Americans across the country. This includes families who often go underserved in our housing system, including lower income families and people in rural areas.

Changes to the ownership of Fannie Mae and Freddie Mac would be a monumental undertaking that would affect our entire housing system and touch the lives of homeowners and renters across the country. If mismanaged, ending the conservatorships and Treasury's role with Fannie Mae and Freddie Mac could make mortgages more expensive, cut off access to mortgage credit, destroy many of the important reforms made over the past 16 years, and compromise our entire housing market and the broader U.S. economy.⁵ It could also generate billions⁶ of dollars for hedge funds and other wealthy investors in the Enterprises at taxpayers' expense.⁷ One prominent hedge fund manager and investor in the Enterprises' common shares has written that he sees "large asymmetric upside" in investments in the Enterprises because he believes there is a "credible path for their removal from conservatorship" and he expects that "Trump and his team will get the job done."⁸

Given the enormous housing affordability threats posed by the privatization of Fannie Mae and Freddie Mac, we request that you respond to the following questions by March 12, 2025:

1. Will HUD, and you as HUD Secretary, be the quarterback of any efforts to make changes to Fannie Mae and Freddie Mac? What specific responsibilities will you have in this role?
2. If you help lead the process to end the conservatorships of Fannie Mae and Freddie Mac, do you commit to ensuring that any changes do not raise mortgage costs or make it more difficult to access mortgage credit for American homebuyers?
3. Will you commit to ensuring that any changes to Fannie Mae and Freddie Mac will not result in higher rents for American families?
4. You have said that "[t]here are partners that will be at the table" on efforts to reprivatize Fannie Mae and Freddie Mac, and that "[w]hen you're a quarterback, you've got to work with the entire huddle."⁹ What other partners will be at the table when discussing changes to Fannie Mae and Freddie Mac?

⁵ Written testimony of Susan M. Wachter to the U.S. Senate Committee on Banking, Housing, and Urban Affairs, June 25, 2019, <https://www.banking.senate.gov/imo/media/doc/Wachter%20Testimony%206-25-19.%20PDF.pdf>.

⁶ Congressional Budget Office, "Effects of Recapitalizing Fannie Mae and Freddie Mac Through Administrative Actions," August 2020, <https://www.cbo.gov/publication/56511>; The Congressional Budget Office reports that investors other than the Treasury Department hold about 1.8 billion shares of common stock in Fannie Mae and Freddie Mac, as well as about \$32 billion in junior preferred shares.

⁷ Wall Street Journal, "Popular Hedge Fund Bet on Fannie and Freddie Is Paying Off Big This Year," Juliet Chung and Andrew Ackerman, January 26, 2019, <https://www.wsj.com/articles/popular-hedge-fund-bet-on-fannie-and-freddie-is-paying-off-big-this-year-11548504001>.

⁸ Tweet by Bill Ackman, December 30, 2024, <https://x.com/BillAckman/status/1873818034428694837>.

⁹ Wall Street Journal, "Fannie, Freddie Privatization, Cost-Cutting and New Name Are Priorities for HUD Chief," Gina Heeb, AnnaMaria Androit, and Corrie Driebusch, February 5, 2025, <https://www.wsj.com/finance/regulation/new-hud-chief-sets-sights-on-fannie-freddie-cost-cutting-and-new-name-2e83652f>.

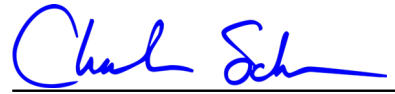
5. HUD does not play a direct role in oversight of Fannie Mae and Freddie Mac, and recent public documents and agreements regarding the conservatorships and Treasury's investments in the Enterprises have only involved the Treasury Department and FHFA. What authority does HUD have with respect to the Enterprises and their ongoing conservatorships?
6. Will you commit to ensuring that hedge funds and other wealthy investors who stand to profit off of an end to the conservatorship or any changes to Treasury's ownership stake in Fannie Mae and Freddie Mac do not have an opportunity to unduly influence potential changes to Fannie Mae or Freddie Mac?
7. Will you commit to running a transparent and open process with regard to all meetings and deliberations over potential changes to Fannie Mae and Freddie Mac?
8. Will you ensure that the Administration adheres to the public process outlined in the recent side letter agreement between Treasury and FHFA prior to taking any actions regarding the conservatorships or privatization of Fannie Mae and Freddie Mac?¹⁰
9. Will you work with all relevant agencies to conduct a thorough analysis of any housing market, mortgage cost, and financial stability impacts of any planned changes to the Enterprises prior to making any changes that would affect the Enterprises' conservatorship status, Treasury's ownership stake in the Enterprises, or taxpayers' compensation for their investment in the Enterprises?

Our housing finance system is a complex, multi-trillion dollar market that touches the lives of every American family. It is critical that any effort to reprivatize Fannie Mac and Freddie Mac does not result in windfalls for wealthy investors while raising housing costs for American families. We look forward to your prompt and thorough reply on this urgent matter.

Sincerely,

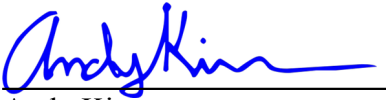


Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



Charles E. Schumer
United States Senator

¹⁰ Letter from Treasury Secretary Janet Yellen to FHFA Director Sandra Thompson January 2, 2025, <https://www.fhfa.gov/document/letter-agreements-and-side-letter-executed-by-ust-and-fhfa.pdf>.



Andy Kim
United States Senator



Jack Reed
United States Senator



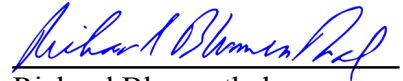
Cory A. Booker
United States Senator



Jeffrey A. Merkley
United States Senator



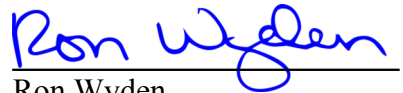
Christopher S. Murphy
United States Senator



Richard Blumenthal
United States Senator



Richard J. Durbin
United States Senator



Ron Wyden
United States Senator



Lisa Blunt Rochester
United States Senator