

Washington, DC (Sept. 27, 2012)—Today, Congressman Elijah E. Cummings, Ranking Member of the House Committee on Oversight and Government Reform, issued the following statement in response to a [report](#) issued by the Inspector General of the Federal Housing Finance Agency (FHFA) finding fault with FHFA's processes for approving business decisions made by Fannie Mae and Freddie Mac.

“Today's report identifies growing concerns with FHFA's failure to exercise effective control over Fannie Mae and Freddie Mac. These recent revelations by the Inspector General are in addition to FHFA's previous refusal to follow the law and implement principal reduction programs that could save U.S. taxpayers hundreds of millions of dollars,” Cummings said. “The bottom line is that FHFA must be a watchdog for taxpayers and homeowners—not a lapdog for Fannie and Freddie. If FHFA's current leadership does not fulfill that role, they should step aside or be replaced.”

In its report, the Inspector General found that FHFA failed to properly assert its authority as conservator to approve Fannie Mae's and Freddie Mac's major business decisions; FHFA does not have a formal process for ensuring that Fannie Mae and Freddie Mac have complied with the decisions the Agency makes; and FHFA has at times relied too heavily on assessments from Fannie Mae and Freddie Mac rather than conducting its own analyses.

For more than a year, Cummings has been an outspoken advocate for greater transparency and effectiveness at FHFA. Cummings has been [highly critical](#) of FHFA's refusal to allow principal reductions, as well as its decision to cancel a pilot principal reduction program that would have demonstrated significant savings in taxpayer funds.

In September 2011, an Inspector General [report](#), requested by Cummings, revealed a prolonged failure by FHFA and Fannie Mae to adequately oversee law firms processing foreclosures. As a result, FHFA instructed Fannie Mae and Freddie Mac to begin “transitioning away” from their use of designated foreclosure attorney networks.