



March 11, 2010

Via Email and FedEx

Mr. James B. Lockhart III
Vice Chairman
WL Ross & Co. LLC
1166 Avenue of the Americas
27th Floor
New York, NY 10036
jlockhart@wlross.com

Phil Angelides
Chairman

Hon. Bill Thomas
Vice Chairman

Re: Financial Crisis Inquiry Commission Hearing on April 9, 2010

Brooksley Born
Commissioner

Byron S. Georgiou
Commissioner

Senator Bob Graham
Commissioner

Keith Hennessey
Commissioner

Douglas Holtz-Eakin
Commissioner

Heather H. Murren, CFA
Commissioner

John W. Thompson
Commissioner

Peter J. Wallison
Commissioner

Dear Mr. Lockhart:

The Financial Crisis Inquiry Commission (“FCIC”) hereby respectfully requests that you testify at a hearing on April 9, 2010 regarding the role of housing, subprime lending and securitization in the financial crisis.

The FCIC is interested in learning about the role of the Government Sponsored Enterprises (“GSEs”) in the growth of the housing market, subprime loans and securitizations, and the causes of the financial problems that led to their insolvency and conservatorship. Therefore, your testimony should address the following topics:

- What were the primary errors and business practices that caused the financial problems at the GSEs and the decision to place them in conservatorship?
- Did the GSEs contribute to the growth in the housing market, subprime loans, other non-traditional loans (e.g., Alt-A loans) and securitizations from end of the dot-com bubble through 2008? If so, how and in what manner?
- Did the GSEs increase their purchase or guarantees of loans or securities with higher credit risk from end of the dot-com bubble through 2008? If so, how and in what manner, and what were the reasons for the increase? What customers sold the GSEs loans or securities with higher credit risk?
- Did anyone at Office of Federal Housing Enterprise Oversight (“OFHEO”) and the Federal Housing Finance Association (“FHFA”) or the GSEs voice concerns or warnings about the GSEs purchasing loans or securities with higher credit risk? If so, who issued the warnings, when were they issued, and why were the warnings not followed?

Thomas Greene
Executive Director

1717 Pennsylvania Avenue, NW, Suite 800 • Washington, DC 20006-4614
202.292.2799 • 202.632.1604 Fax

- Did OFHEO or FHFA communicate to the GSEs any concerns about their business practices, capital adequacy, or any other areas? If yes, what were the concerns and what actions did the GSEs take in response? Was OFHEO or FHFA satisfied with the actions?
- What did the GSEs do to evaluate the risk of fraud in the loans or securities purchased or guaranteed? What customers generated the largest number of fraudulent loans or securities and what did the GSEs do in response? Was OFHEO or FHFA satisfied with the GSEs' fraud prevention practices?
- What impact, if any, did affordable housing goals have in shaping the business practices at the GSEs that contributed to their financial problems? Did the GSEs at any time communicate to OFHEO, FHFA, or any other government agency that affordable housing goals would have a negative impact on their financial condition?
- What were the compensation policies, procedures and practices at the GSEs, and do you believe that they contributed to the financial problems experienced by the GSEs?
- What meetings or negotiations were there between the GSEs, OFHEO and any other government agency or official regarding the decision to increase liquidity in support of the U.S. mortgage market by, among other things, releasing portfolio caps and reducing capital requirements as set forth in the March 19, 2008 OFHEO press release? Please describe the meetings, including the persons involved and the matters discussed. After these initiatives, did the GSEs purchase or guarantee loans or securities that they otherwise would not have purchased or guaranteed? Were there similar actions taken to increase liquidity in support of the U.S. mortgage market prior to 2008? If so, what were they and what were the reasons for the actions?

If there are other topics not listed above that you would like to address, please include them in your testimony. We respectfully request that you submit 20 copies of your written testimony (including all exhibits and any other documents that support your testimony or were otherwise relied upon) by March 29, 2010. At the hearing, please be prepared to summarize your written testimony in 10 minutes and then answer questions posed by the Commissioners. The hearing will begin at approximately 1:00 p.m. in a hearing room on Capitol Hill that will be determined in the future. The session you will be a part of is expected to last approximately three hours.

The FCIC was created by the Fraud Enforcement and Recovery Act of 2009 to, *inter alia*, (1) examine the causes of the current financial and economic crisis in the United States, and (2) examine the causes of the collapse of each major financial institution that failed or was likely to have failed if not for the receipt of exceptional government assistance from the Secretary of the Treasury.

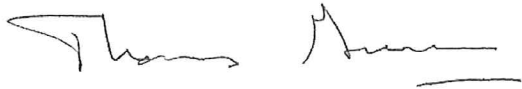
Mr. James B. Lockhart III

March 11, 2010

Page 3

Please confirm your attendance at the April 9, 2010 hearing with Christopher Seefer at your earliest possible convenience, but not later than Monday, March 15, 2010. You can contact Mr. Seefer at (202) 292-1345 or cseefer@fcic.gov to confirm your attendance and discuss any questions you may have.

Sincerely,

Handwritten signature of Thomas Greene, consisting of a stylized 'T' followed by a cursive 'Greene'.

Thomas Greene
Executive Director
Financial Crisis Inquiry Commission

cc: *(via email)*
Christopher Seefer
Assistant Director & Deputy General Counsel