



FCIC Briefing Binder of James B. Lockhart

In May of 2006, James Lockhart was appointed Director of the Office of Federal Housing Enterprise Oversight (OFHEO), one of the regulators of the giant government-sponsored enterprises (GSEs), Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac). When the Federal Housing Finance Agency (FHFA) was formed in July 2008 to replace the OFHEO, Lockhart was appointed Director. More specifically, he played a vital role during the financial crisis, as regulator and spearheaded the implementation of the Fannie Mae and Freddie Mac conservatorships. Lockhart led the agency until 2009 after overseeing a troubling period for the mortgage market.

Lockhart was invited to testify before the Financial Crisis Inquiry Committee (FCIC) on April 9th, 2010. This is a binder of documents that his staff prepared for briefing before his testimony.

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Table of Contents detailing the documents included in each tab of the FCIC Briefing Binder for James B. Lockhart

1) [Michael Nelson Email Regarding GSE Credit Risk](#)

Emails dated March 3, 2008, sent to Maria Fiol of OFHEO discussing the concern of credit risk at the GSEs.

[Emails regarding a meeting plan with James Lockhart & Michael Nelson](#)

Emails dated April 7, 2010, sent to James Lockhart regarding meeting with Michael Nelson of the Dominion Bond Rating Services (DBRS).

2) [Michael Farrell Email on ideas to measure the success of aiding the credit markets](#)

Email dated March 6, 2008, sent to Robert Steel recalling points from their meeting and includes ideas regarding aid to the credit markets.

3) [Fannie Mae Insolvency and its Consequences](#)

Email dated March 08, 2008, conveying document used as the source for Barron's article on the potential collapse of Fannie Mae. Originally sent from Jason Thomas to Robert Steel to inform potential internal Treasury discussions about the potential costs and benefits of nationalization.

4) [The Next Government Bailout?](#)

Barron's article, dated March 10, 2008, discussing Fannie Mae and the likely need for government assistance.

5) [Jeremiah Norton Email regarding update on GSE plan announcement](#)

Emails dated March 16, 2008, sent by and to Jeremiah Norton summarizing the idea to announce a GSE "plan".

6) [James Lockhart Email regarding OFHEO & GSE Announcement Draft](#)

Emails dated March 17, 2008, between James Lockhart & Daniel Mudd regarding the drafting of the "OFHEO and GSE's Announce Initiative to increase Mortgage Market Liquidity" press release.

7) [Daniel Mudd Email including OFHEO & GSE Announcement Draft](#)

Email dated March 17, 2008, sent by Daniel Mudd including the final draft of the "OFHEO and GSE's Announce Initiative to increase Mortgage Market Liquidity" press release.

8) [OFHEO, Fannie Mae and Freddie Mac Announce Initiative to Increase Mortgage Market Liquidity](#)

Press Release dated March 19, 2008, announcing the major initiative to increase liquidity in support of the U.S. mortgage market.

9) [Notice of Proposed Capital Classification at June 30, 2008](#)

FHFA letter, dated August 22, 2008, providing Fannie Mae with notice that the proposed capital classification of Fannie Mae is adequately capitalized at June 30, 2008. Includes Financial Summary.

10) [FHFA Letter to Daniel Mudd concerning the Proposed Capital Classification for Fannie Mae](#)

Letter to Daniel Mudd, dated September 1, 2008, notifying him of the FHFA's review of the adequacy of Fannie Mae's reserves.

11) [FHFA Letter to Daniel Mudd regarding Fannie Mae's Composite Rating \(Draft\)](#)

Letter to Daniel Mudd, dated August 26, 2008, detailing the downgrade of Fannie Mae's composite rating to "Critical Concerns".

[FHFA Letter Draft to Richard Syron regarding Freddie Mac's Composite Rating](#)

Draft of Mid-Year Letter to Richard Syron, dated September 4, 2008, detailing the downgrade of Freddie Mac's composite rating to "Critical Concerns".

[FHFA Letter Draft to Daniel Mudd regarding Fannie Mae's Composite Rating](#)

Draft of Mid-Year Letter to Daniel Mudd, dated September 4, 2008, detailing the downgrade of Fannie Mae's composite rating to "Critical Concerns".

12) [Proposed Appointment of the FHFA as Conservator for Fannie Mae](#)

Memorandum, dated September 6, 2008, sent to Christopher Dickerson highlighting the Enterprise's severe problems and the basis for conservatorship grounds.

13) [Observations - Allowance Process and Methodology](#)

OCC Document, dated September 4, 2008, highlighting the concerns for the allowance process and methodology employed at both Fannie Mae and Freddie Mac.

14) [Single Family Guaranty Business Presentation](#)

Presentation Slides on Fannie Mae facing strategic crossroads, dated June 27, 2005.

15) [Fannie Mae Stipulation and Consent to the Issuance of a Consent Order](#)

Fannie Mae consenting to the issuance of a consent order. The director of OFHEO (James Lockhart) determined to initiate cease and desist proceedings and impose a civil money penalty against Fannie Mae. Dated May 23, 2006.

16) [OFHEO's 2006 Fannie Mae Report of Annual Examination](#)

Report which contains the Examination Authority and Scope, Examination Conclusions, Matters Requiring Board Attention, Board and Management Supervision, Operations, Asset Quality and Credit Risk Management, Liquidity, Sensitivity to Interest Rate Risk, Earnings, and Capital.

17) [Emails between Enrico Dallavecchia and Daniel Mudd regarding 2008 Budget and Strategic Investments](#)

Emails, dated July 17, 2007, highlighting Dallavecchia's concerns on proposal to cut 2008 budget by 16 percent.

18) [Setting an OFHEO Plan, But Wishing Otherwise](#)

Article dated December 21, 2007, discussing the potential of future plans for OFHEO involvement with Fannie Mae and Freddie Mac.

19) [OFHEO's 2007 Fannie Mae Report of Annual Examination](#)

Report which contains Examination Authority and Scope, Examination Conclusions, Matters Requiring Board Attention, Board and Management Supervision, Asset Quality and Credit Risk Management, Operations, Sensitivity to Interest Rate Risk, Liquidity, Earnings, and Capital.

20) [Statement of OFHEO Director James B. Lockhart February 27, 2008](#)

Statement, dated February 27, 2008, summarizing important topics after publication of Fannie Mae's and Freddie Mac's 2007 Financial Statements including Mortgage Portfolio Growth Caps, Consent Orders, and OFHEO-Directed Capital Requirements.

21) [Charles Schumer Letter to James Lockhart](#)

Letter to James Lockhart, dated February 25, 2008, inquiring on OFHEO's plans should Fannie Mae and Freddie Mac fulfill conditions set forth by OFHEO in 2006.

22) [Robert Steel Email regarding Fannie Mae and Freddie Mac 4Q Net Losses](#)

Email, dated February 28, 2008, providing GSE update after Fannie Mae and Freddie Mac 4Q earnings reflect further credit Deterioration

23) [Statement of FHFA Director James B. Lockhart September 7, 2008](#)

Statement, dated September 7, 2008, highlighting the many concerns of both Fannie Mae and Freddie Mac and announcing the placing of both into conservatorship.

24) [Statement of James B. Lockhart III Before the House Committee on Financial Services](#)

Statement, dated September 25, 2008, where James Lockhart testifies on FHFA's decision to place Fannie Mae and Freddie Mac into conservatorship and the plans of the conservator for the ongoing operations of the companies.

25) [FHFA Response to the New York Times Article of December 21, 2008](#)

Press Release, dated December 22, 2008, highlighting that recent New York Times article was "misleading and inaccurate in many places". Providing recorded instances of where OFHEO saw warning signs with Fannie and Freddie along with their desire for reform.

26) [Testimony of James B. Lockhart](#)

Written testimony of James B. Lockhart before the FCIC, dated April 9, 2010, regarding Fannie Mae and Freddie Mac, their role in the housing market and the financial crisis, the flaws in the regulatory structure, and the actions taken prior to conservatorship.

[Letter to James B. Lockhart requesting his testimony at the April 9, 2010 FCIC hearing](#)

Formal letter, dated March 11, 2010, requesting Mr. Lockhart to testify at a hearing on April 9, 2010 regarding the role of housing, subprime lending, and securitization in the financial crisis. Outlines the topics that should be addressed in his testimony.

[Credit Quality of Enterprise New Business](#)

2009 Data Visualizations of the Weighted Average FICO Score at Origination, Proportion of New Business with FICO Scores Below 660 at Origination, and Weighted Average LTV Ratio at Origination

[Fannie Mae FICO, Original LTV, and Adjustable Rate Data 2001-2009](#)

Data Summary of Fannie Mae's FICO, Original LTV, and Adjustable Rate Data 2001-2009

[Preliminary Staff Report: Government Sponsored Enterprises and the Financial Crisis \(Draft\)](#)

The report, dated April 7, 2010, provides background factual information to the Commission on subject matters that are the focus of the FCIC's public hearings on April 7, 8, and 9, 2010. In particular, this report provides information on the GSEs.