

# United States Senate

WASHINGTON, DC 20510

December 19, 2024

The Honorable Sandra Thompson  
Director  
Federal Housing Finance Agency  
400 7th St SW  
Washington, D.C. 20024

Dear Director Thompson:

Fannie Mae and Freddie Mac (the Enterprises) play a critical role in financing multifamily rental housing and manufactured housing communities. Together, the Enterprises back more than 40 percent of multifamily mortgage debt outstanding.<sup>1</sup> The homes that these mortgages support can provide a safe, affordable housing option in neighborhoods across the country. However, we also hear from local leaders and residents of properties with financing backed by the Enterprises who report that a property is unsafe or the owner isn't adhering to the terms of their financing through Fannie Mae or Freddie Mac in their interactions with tenants. When property owners fail to live up to their obligations, they upend the lives of their residents and burden local officials who must deal with a blighted property or displaced tenants. They also threaten the Enterprises' financial health by putting the assets that back their guarantees at risk, exposing them to potential future losses.

Local officials and residents are the canaries in the coal mine. They live in these homes. They see them every day. They are the best equipped to spot issues early on and help to have them addressed before a small problem becomes a critical issue. Unfortunately, neither the Enterprises nor the Federal Housing Finance Agency (FHFA) have a process for residents and community members to elevate issues and get those issues resolved. Fannie Mae<sup>2</sup> and Freddie Mac's existing renter resources pages focus only on challenges paying rent.<sup>3</sup> They do not offer a clear way for residents or local leaders to report issues at Enterprise-backed properties, nor do they suggest that there will be any follow-up to ensure the problem is addressed. And FHFA only maintains a "General Questions and Comments Form" with no indication that any comment will be read, let alone receive a response.<sup>4</sup> This is unacceptable.

Failure to initiate and maintain a process to receive and respond to resident and community concerns about rental properties backed by the Enterprises undermines both their mission and safety and soundness.

We ask that FHFA immediately direct the Enterprises to establish a clear method for residents and other local officials to report issues involving individual properties or owners electronically and by phone, as well as a process for responding directly to those submitted concerns. We also ask that FHFA develop a

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<sup>1</sup> Fannie Mae reported that it owned or guaranteed an estimated 21 percent of multifamily mortgage debt outstanding and Freddie Mac reported that it owned or guaranteed an estimated 20.4 percent of multifamily mortgage debt outstanding as of September 30, 2023. See "Federal National Mortgage Association 2023 Form 10-K," pg. 1, available at <https://www.fanniemae.com/media/50336/display>; "Federal Home Loan Mortgage Corporation 2023 Form 10-K," pg. 14, available at [https://www.freddiemac.com/investors/financials/pdf/10k\\_021424.pdf](https://www.freddiemac.com/investors/financials/pdf/10k_021424.pdf).

<sup>2</sup> "Renters Resource Finder," Fannie Mae, <https://yourhome.fanniemae.com/calculators-tools/renters-resource-finder>.

<sup>3</sup> "Renter Resource Organizations," Freddie Mac, <https://myhome.freddiemac.com/resources/renter-resource-organizations>.

<sup>4</sup> "General Questions and Comments Form," FHFA, available at <https://www.fhfa.gov/contact/general>.

process for monitoring the Enterprises' response to submitted complaints and that both the Enterprises and FHFA include regular updates on the number and types of complaints received and the disposition of those responses in their public reporting. When repeated issues are identified with an individual property or owner, whether at one Enterprise or both, FHFA and the Enterprises should act to ensure that irresponsible owners are not allowed to expose the Enterprises or residents to unnecessary risks.

When property owners let their properties fall into disrepair or fail to follow their contractual obligations to Fannie Mae, Freddie Mac, or residents, they hurt families, communities, and the stability of our housing finance system. Thank you for your prompt attention to this critical issue.

Sincerely,



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Sherrod Brown  
Chairman  
Senate Committee on  
Banking, Housing, and Urban  
Affairs



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Elizabeth Warren  
United States Senator



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Jack Reed  
United States Senator



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Catherine Cortez Masto  
United States Senator



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John Fetterman  
United States Senator



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Martin Heinrich  
United States Senator



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Alex Padilla  
United States Senator