

**AMENDMENT TO THE OVERSIGHT PLAN**  
**OFFERED BY MR. HENSARLING OF TEXAS**

Strike the provision under the heading "Charter Restructuring for Government Sponsored Enterprises (GSEs)" and insert the following new provision:

1 CHARTER RESTRUCTURING FOR GOVERNMENT SPONSORED ENTERPRISES  
2 (GSEs). Before we can properly address the current credit crisis, it is vital  
3 that we first understand the central role that the GSEs played in it. Through  
4 their government-granted charters and unique taxpayer-subsidized lending  
5 ability, the GSEs ultimately altered our housing markets as their market  
6 share of all new mortgages rose to over 75 percent last year. Thus, the  
7 committee will investigate the extent to which various market participants  
8 responded to that dominance by changing their behavior to comply with the  
9 GSEs' housing and securitization goals including lowering underwriting  
10 standards to produce more of the subprime and Alt-A loans the GSEs were  
11 purchasing. The committee will also review how the government sanctioned  
12 duopoly of Fannie Mae and Freddie Mac may have created a *de facto*  
13 government guarantee for those kinds of loans by continuing to purchase  
14 them regardless of their quality.

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1 On September 7, 2008, the Federal Housing Finance Agency placed Fannie  
2 Mae and Freddie Mac into conservatorship. As part of this conservatorship,  
3 the two GSEs have signed contracts to issue new senior preferred stock to  
4 the Treasury, which has agreed to purchase at least \$100 billion of this stock  
5 from each of them. Despite this investment, the hybrid business model of  
6 the GSE structure has exposed taxpayers to upwards of \$5.2 trillion worth of  
7 risk and raises serious questions about the continued viability of these  
8 companies. The Committee will therefore examine proposals to modify the  
9 statutory charters of the GSEs.