

**Congress of the United States**  
**Washington, DC 20515**

September 24, 2010

Michael J. Williams  
President and Chief Executive Officer  
Fannie Mae  
3900 Wisconsin Avenue, N.W.  
Washington, D.C. 20016

Dear Mr. Williams,

We are disturbed by the increasing reports of predatory 'foreclosure mills' in Florida working for Fannie Mae servicers. Foreclosure mills are law firms representing lenders that specialize in speeding up the foreclosure process, often without regard to process, substance, or legal propriety. According to the New York Times, four of these mills are both among the busiest of the firms and are under investigation by the Attorney General of Florida for fraud. The firms have been accused of fabricating or backdating documents, as well as lying to conceal the true owner of a note.

Several of the busiest of these mills show up as members of Fannie Mae's Retained Attorney Network, a set of legal contractors on whom Fannie relies to represent its interests as a noteholder. The network also serves as a pool of legal talent that represents Fannie in its pre-filing mediation program, a program designed to facilitate communication between borrowers and servicers prior to foreclosure. In other words, Fannie Mae seems to specifically delegate its foreclosure avoidance obligations out to lawyers who specialize in kicking people out of their homes.

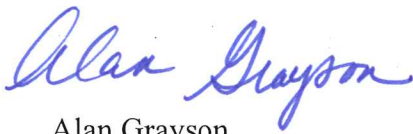
The legal pressure to foreclose at all costs is leading to a situation where servicers are foreclosing on properties on which they do not even own the note. This practice is blessed by a legal system overwhelmed with foreclosure cases and unable to sort out murky legal details, and a set of law firms who mass produce filings to move foreclosures as quickly as possible. At the very least, we would encourage you to remove foreclosure mills under investigation for document fraud from the Fannie Mae's Retained Attorney Network. We also believe that Fannie should have guidelines allowing servicers to proceed on a foreclosure only when its legal entitlement to foreclose is clearly documented. In addition, these charges raise a number of questions for us about the foreclosure process as it pertains to Fannie Mae's holdings.

Why is Fannie Mae using lawyers that are accused of regularly engaging in fraud to kick people out of their homes? Given that Fannie Mae is at this point a government entity, and it is the policy of the government that foreclosures are a costly situation best avoided if there are any lower cost alternatives, what steps is Fannie Mae taking to avoid the use of foreclosure mills? What additional steps is Fannie Mae going to take to ensure that foreclosures are done only when


necessary and only in accordance with recognized law? How do your servicer guidelines take into account the incentives for fraud in the fee structure of foreclosure attorneys and others engage in the foreclosure process? What mechanisms do you employ to monitor legal outsourcing?

We look forward to your responses and to understanding more about these disturbing dynamics in future hearings.

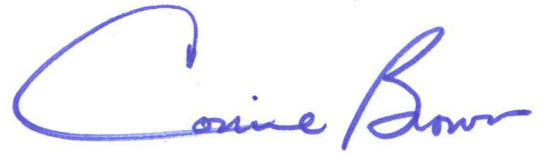
Sincerely,



Alan Grayson  
Member of Congress



Barney Frank  
Member of Congress



Corrine Brown  
Member of Congress