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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

October 1, 2026

William Pulte
Director
Federal Housing Finance Agency
Constitution Center
400 7th Street SW
Washington, D.C. 20219

Dear Director Pulte:

We write after receiving confirmation that the Federal Housing Finance Agency (FHFA) is unlawfully slashing the fiscal year 2027 (FY27) budget of its Office of Inspector General (OIG) to \$20 million—a reduction of over sixty percent from the OIG’s FY26 operating budget.¹ The cut is so significant that it will immediately force the OIG to begin winding down its operations. We demand that FHFA reverse course and fully fund its OIG for FY27 at an amount no less than \$57.6 million, the FHFA OIG’s original FY27 funding request.² You must publicly answer to Congress about your attempt to gut your agency’s independent watchdog.

FHFA is responsible for the supervision, regulation, and housing mission oversight of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Bank System. It exercises control over “trillions of dollars in assets and billions of dollars in revenue and makes business and policy decisions affecting the entire U.S. mortgage finance industry.”³ The FHFA OIG plays a key role as an independent watchdog preventing waste, fraud, and abuse, and ensuring that your agency follows the law.⁴ In addition, the OIG leads investigations into misconduct involving FHFA’s programs and operations, including fraud.⁵ The FHFA OIG maintains “a highly trained and

¹ Letter from James Hodge, Acting Principal Deputy Inspector, Performing the Duties of the Inspector General, Federal Housing Finance Agency Office of the Inspector General, to the Honorable Rand Paul, the Honorable Gary Peters, the Honorable Tim Scott, the Honorable Elizabeth Warren, the Honorable James Comer, the Honorable Robert Garcia, the Honorable French Hill, and the Honorable Maxine Waters, September 30, 2026, <https://www.banking.senate.gov/imo/media/doc/FHFA-OIG%20Funding%20Notification%20Letter%20to%20Congress%2009.30.26.pdf>.

² *Id.*

³ Federal Housing Finance Agency Office of the Inspector General, “Annual Plan: Fiscal Year 2026,” <https://www.fhfaoig.gov/sites/default/files/FY2026AnnualPlan.pdf>.

⁴ Federal Housing Finance Agency Office of the Inspector General, “About,” <https://www.fhfaoig.gov/about>.

⁵ *Id.*; See Federal Housing Finance Agency Office of the Inspector General, “Clermont Mortgage Consultant Pleads Guilty in Bank Fraud Scheme,” July 28, 2026, <https://www.fhfaoig.gov/sites/default/files/Clermont-Mortgage-Consultant-Pleads-Guilty-in-Bank-Fraud-Scheme.pdf>, and Federal Housing Finance Agency Office of the Inspector General, “Orlando Woman Pleads Guilty for Role in Mortgage Fraud Conspiracy,” July 22, 2026,

skilled cadre of financial crimes special agents...and analysts to detect, investigate, and refer for prosecution mortgage fraud and other crimes involving the regulated entities.”⁶ Since 2011, its criminal enforcement program has secured “more than 1,270 convictions and nearly \$75 billion in monetary results.”⁷ It is also statutorily required to conduct certain reviews of FHFA operations.⁸

FHFA and its OIG are funded through annual assessments that FHFA collects from the entities it regulates.⁹ FHFA is required by federal law to assess funding “sufficient to provide for reasonable costs...and expenses of the Agency,” including the OIG.¹⁰ Each year, the OIG sends FHFA an annual request for funding, and “prior to FY 2027, without exception,” FHFA “timely transferred” assessments to OIG “to fund [its] operations.”¹¹ The FHFA OIG submitted an original FY27 budget request to FHFA of \$57.6 million.¹²

Despite the key role that the FHFA OIG plays in preventing waste, fraud, and abuse, you have reduced the office’s budget to \$20 million in FY27. That level of funding will impede the FHFA OIG’s ability to complete its statutorily required functions and make it impossible to conduct meaningful oversight of FHFA or the U.S. mortgage finance market. The OIG has confirmed that the cut will effectively shutter its work, writing: “We will be forced to reduce staffing by approximately 70-80% in FY 2027, which will result in the discontinuance of essentially all criminal investigations conducted by our Office of Investigations. Simply stated, funding at the \$20 million level will eliminate our capacity to effectively conduct criminal investigation of mortgage, bank, and other fraud schemes involving the entities FHFA regulates.”¹³

Your decision is unacceptable and yet another example of this Administration’s willingness to flout the law and evade accountability. It also indicates that FHFA is uninterested in finding and eliminating mortgage fraud—an issue that you have repeatedly claimed to prioritize at FHFA.

<https://www.fhfaig.gov/sites/default/files/Orlando-Woman-Pleads-Guilty-for-Role-in-Mortgage-Fraud-Conspiracy.pdf>.

⁶ Letter from James Hodge, Acting Principal Deputy Inspector, Performing the Duties of the Inspector General, Federal Housing Finance Agency Office of the Inspector General, to the Honorable Rand Paul, the Honorable Gary Peters, the Honorable Tim Scott, the Honorable Elizabeth Warren, the Honorable James Comer, the Honorable Robert Garcia, the Honorable French Hill, and the Honorable Maxine Waters, September 30, 2026,

<https://www.banking.senate.gov/imo/media/doc/FHFA-OIG%20Funding%20Notification%20Letter%20to%20Congress%2009.30.26.pdf>.

⁷ *Id.*

⁸ *See, for example*, 41 USC § 1909(d); 42 USC § 2000ee-2; 44 USC § 3555(a) and (b); 31 USC § 3516; and 31 USC § 3353.

⁹ 12 U.S.C. § 4516(a)

¹⁰ 12 U.S.C. § 4516(a); 12 USC § 4517(d).

¹¹ Letter from James Hodge, Acting Principal Deputy Inspector, Performing the Duties of the Inspector General, Federal Housing Finance Agency Office of the Inspector General, to the Honorable Rand Paul, the Honorable Gary Peters, the Honorable Tim Scott, the Honorable Elizabeth Warren, the Honorable James Comer, the Honorable Robert Garcia, the Honorable French Hill, and the Honorable Maxine Waters, September 30, 2026,

<https://www.banking.senate.gov/imo/media/doc/FHFA-OIG%20Funding%20Notification%20Letter%20to%20Congress%2009.30.26.pdf>.

¹² *Id.*

¹³ *Id.*

We demand that you immediately reverse course and fully fund the FHFA OIG for FY27 with a budget no less than the OIG's original FY27 funding request.

Sincerely,



Elizabeth Warren
Ranking Member
Committee on Banking,
Housing, and Urban Affairs



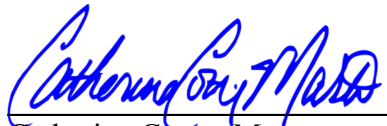
Jack Reed
United States Senator



Mark R. Warner
United States Senator



Chris Van Hollen
United States Senator



Catherine Cortez Masto
United States Senator



Tina Smith
United States Senator



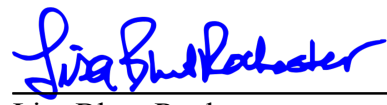
Raphael Warnock
United States Senator



Andy Kim
United States Senator



Ruben Gallego
United States Senator



Lisa Blunt Rochester
United States Senator

Angela D. Alsobrooks

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