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December 10, 2010

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Re: FCIC - Mark Winer

Dear Mr. Cohen:

I am writing on behalf of Mark Winer. Thank you for providing us with notice that the FCIC is considering including the following paragraph in its Report to Congress, the President and the American public. We think the provision of such notice is highly desirable.

Mark Winer, head of Fannie's Business, Analysis and Development Group since May 2006, was responsible for calculating the fees and raised concerns that Fannie Mae was not appropriately pricing the risk. His chief, Executive Vice President Rob Levin, disregarded his input, asking, "Can you show me why you think you're right and everyone else is wrong..."

The proposed paragraph is inconsistent both with Mr. Winer's recollection and with the MFR that the FCIC recently provided to Mr. Winer. Although we do not believe that the MFR is a reliable record of the interview, it is instructive to point out disparities between the proposed paragraph and the MFR:

- The proposed paragraph describes Mr. Winer's unit as "Fannie's Business, Analysis and Development Group." (emphasis added) The MFR indicates that in the Spring of 2006, Mr. Winer was appointed Senior Vice President for Business Analytics and Decisions ("BA&D")(emphasis added). MFR at 2.
- The proposed paragraph states that Mr. Winer "was responsible for calculating the fees." The MFR discusses model fees that were generated by BA&D, MFR at 6, 8 and indicates both that Mr. Winer stated that model fees "are only one factor in determining the right price," MFR at 13, and that Mr. Winer stated that the Single Family business decided what fees to charge, which could be less than the model fee. MFR at 13.

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- The proposed paragraph stated that Mr. Levin “disregarded” Mr. Winer’s input. The MFR does not contain any statement that Mr. Levin “disregarded” Mr. Winer’s input. To the contrary, the MFR states that the model fees were sometimes higher than the market prices and the prices that Fannie Mae charged, MFR at 4, 5, and states that Mr. Winer identified Mr. Levin as “critical of models” and as asking Mr. Winer whether Mr. Winer could show why Mr. Winer thought BA&D was right and everyone else was wrong, MFR at 8.
- The proposed paragraph states that Mr. Winer “raised concerns that Fannie Mae was not appropriately pricing the risk.” Although the MFR does indicate that Mr. Winer believed that in the second half of 2006 and first half of 2007 the charged fees for Alt-A mortgages did not adequately compensate FNMA for risk, the MFR does not indicate that Mr. Winer concluded that the charged fees therefore were inappropriate or that Mr. Winer thought that he was in a position reliably to assess the appropriateness of the fees charged by the single family business in light of the other relevant considerations. Indeed, the MFR indicates that Mr. Winer stated that model fees “are only one factor in determining the right price.” MFR at 13.

We appreciate your having provided this opportunity to comment on the proposed paragraph. We hope that our comments will assist the FCIC in accomplishing its important task of providing an accurate and informative report to the Congress, the President and the American people.

Best Regards,



Kenneth B. Winer

KBW:vdta

cc: Jeffrey Kilduff, Esq., O'Melveny & Myers LLP  
Cassidy Waskowicz  
Sarah Zuckerman  
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