

**UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA**

Case No. 17-cv-02185-PJS-HB

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ATIF F. BHATTI, TYLER D. WHITNEY, and  
MICHAEL F. CARMODY,

Plaintiffs,

-vs-

**[PROPOSED] ORDER  
GRANTING PLAINTIFFS'  
MOTION FOR  
SUMMARY JUDGMENT**

THE FEDERAL HOUSING FINANCE  
AGENCY, MELVIN L. WATT, in his official  
capacity as Director of the Federal Housing  
Finance Agency, and THE DEPARTMENT  
OF THE TREASURY,

Defendants.

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This matter comes before the Court pursuant to Plaintiffs' Motion for Summary Judgment. Being duly advised of the files, premises, and proceedings herein, IT IS HEREBY ORDERED THAT:

1. Plaintiffs' Motion for Summary Judgment is GRANTED.
2. The Court DECLARES that FHFA's leadership structure insulates FHFA from presidential, congressional, and judicial oversight in violation of the separation of powers. Accordingly, the Court hereby strikes down and ENJOINS Defendants, their officers, employees, and agents from taking actions pursuant to the following statutory provisions: 12 U.S.C. §§ 4511(a), 4512(b)(2), 4617(a)(7), and 4617(f).
3. The Court hereby VACATES the third amendment to the Preferred Stock Purchase Agreements (PSPAs) signed by FHFA acting Director DeMarco on behalf of Fannie

Mae and Freddie Mac.<sup>1</sup> Defendants, their officers, employees and agents are ENJOINED from taking any action pursuant to that amendment, including the provision sweeping all Fannie Mae and Freddie Mac net worth to Treasury every quarter.

4. Defendants are ENJOINED to treat excess dividend payments made under the Net Worth Sweep as reducing the liquidation preference on Treasury's senior preferred stock. Thus, for any quarter in which the Companies' dividend payments exceeded the 10% cash dividend the Companies could have paid under the original PSPAs, the excess dividend payments shall be deemed to have repaid, reduced, and extinguished the liquidation preference on Treasury's senior preferred stock for all purposes, including calculating the 10% cash dividend for all subsequent quarters. Within 14 days of the entry of this order, the parties shall file a joint status report calculating the remaining amount of the liquidation preference on Treasury's senior preferred stock using this methodology. To the extent that either Company's dividend payments to Treasury have exceeded the amount necessary to fully extinguish the liquidation preference on Treasury's senior preferred stock, the parties shall also address the appropriate remedy for such excess payments in their joint filing.

Dated: \_\_\_\_\_.

**BY THE COURT:**

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Honorable Patrick J. Schiltz  
United States District Judge

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<sup>1</sup> Alternatively, the Court could vacate the PSPAs in their entirety. Plaintiffs would not object to that alternative if the Court deems it more appropriate.