



WASHINGTON — Unqualified home buyers were not the only ones who benefitted from Massachusetts Rep. Barney Frank's efforts to deregulate Fannie Mae throughout the 1990s.

So did Frank's partner, a Fannie Mae executive at the forefront of the agency's push to relax lending restrictions.

Now that Fannie Mae is at the epicenter of a financial meltdown that threatens the U.S. economy, some are raising new questions about Frank's relationship with Herb Moses, who was Fannie's assistant director for product initiatives. Moses worked at the government-sponsored enterprise from 1991 to 1998, while Frank was on the House Banking Committee, which had jurisdiction over Fannie.

Both Frank and Moses assured the Wall Street Journal in 1992 that they took pains to avoid any conflicts of interest. Critics, however, remain skeptical.

"It's absolutely a conflict," said Dan Gainor, vice president of the Business & Media Institute. "He was voting on Fannie Mae at a time when he was involved with a Fannie Mae executive. How is that not germane?"

"If this had been his ex-wife and he was Republican, I would bet every penny I have - or at least what's not in the stock market - that this would be considered germane," added Gainor, a T. Boone Pickens Fellow. "But everybody wants to avoid it because he's gay. It's the quintessential double standard." A top GOP House aide agreed.

"C'mon, he writes housing and banking laws and his boyfriend is a top exec at a firm that stands to gain from those laws?" the aide told FOX News. "No media ever takes note? Imagine what would happen if Frank's political affiliation was R instead of D? Imagine what the media would say if [GOP former] Chairman [Mike] Oxley's wife or [GOP presidential nominee John] McCain's wife was a top exec at Fannie for a decade while they wrote the nation's housing and banking laws." Frank's office did not immediately respond to requests for comment.

Frank met Moses in 1987, the same year he became the first openly gay member of Congress. "I am the only member of the congressional gay spouse caucus," Moses wrote in the Washington Post in 1991. "On Capitol Hill, Barney always introduces me as his lover."

The two lived together in a Washington home until they broke up in 1998, a few months after Moses ended his seven-year tenure at Fannie Mae, where he was the assistant director of product initiatives. According to National Mortgage News, Moses "helped develop many of Fannie Mae's affordable housing and home improvement lending programs."

Critics say such programs led to the mortgage meltdown that prompted last month's government takeover of Fannie Mae and its financial cousin, Freddie Mac. The giant firms are blamed for spreading bad mortgages throughout the private financial sector.

Although Frank now blames Republicans for the failure of Fannie and Freddie, he spent years blocking GOP lawmakers from imposing tougher regulations on the mortgage giants. In 1991, the year Moses was hired by Fannie, the Boston Globe reported that Frank pushed the agency to loosen regulations on mortgages for two- and three-family homes, even though they were defaulting at twice and five times the rate of single homes, respectively.

Three years later, President Clinton's Department of Housing and Urban Development tried to impose a new regulation on Fannie, but was thwarted by Frank. Clinton now blames such Democrats for planting the seeds of today's economic crisis.

"I think the responsibility that the Democrats have may rest more in resisting any efforts by Republicans in the Congress or by me when I was president, to put some standards and tighten up a little on Fannie Mae and Freddie Mac," Clinton said recently.

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