



**Federal Housing Finance Agency**  
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November 26, 2008

Office of the Comptroller of the Currency  
Docket Number OCC-2008-0016  
250 E Street, SW  
Mail Stop 1-5  
Washington, DC 20219

Board of Governors of the Federal Reserve  
System  
Docket No. R-1335  
Ms. Jennifer J. Johnson  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Federal Deposit Insurance Corporation  
RIN 3064-AD34  
Robert E. Feldman, Executive Secretary  
Attention: Comments/Legal ESS  
550 17th Street, NW  
Washington, DC 20429

Office of Thrift Supervision  
Docket ID OTS-2008-0014  
Regulation Comments  
Chief Counsel's Office  
1700 G Street, NW  
Washington, DC 20552

**Re: Treatment of Certain Claims on, or Guaranteed by, Fannie Mae and Freddie Mac**

Dear Recipients:

The Federal Housing Finance Agency welcomes the opportunity to comment on the proposed rule that would amend bank risk-based capital rules by lowering the risk weight assigned to Fannie Mae and Freddie Mac debt and MBS.

On October 27, 2008, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the Office of the Comptroller of the Currency, and the Board of Governors of the Federal Reserve issued a joint notice of proposed rulemaking that would amend the agencies' respective general risk-based capital rules to permit banks, bank holding companies, and savings associations to assign a 10 percent risk weight to claims on, and portions of claims guaranteed by, Fannie Mae and Freddie Mac.

We appreciate that the proposed change enhances the value of such debt for insured depositories and it correctly recognizes the enhanced credit support provided to these two government-sponsored enterprises (GSEs) through the Treasury facilities established at the time they were placed into conservatorship and in particular the Senior Preferred Facility for Fannie Mae and Freddie Mac. Still, we are concerned that the proposal has had unintended consequences and we respectfully ask that these issues be reconsidered.

Specifically, the reduced risk weight gives Fannie Mae and Freddie Mac an advantage relative to other GSEs, including the other GSE overseen by FHFA, the Federal Home Loan Bank System. The FHLBank System is profitable and each FHLBank continues to satisfy its capital requirements. We would observe that the statutory basis for the Treasury senior preferred stock investment made in Fannie Mae and Freddie Mac also exists for the FHLBanks, although it has not been needed.

The actions taken by Congress and the Treasury reflect, in our view, immediate concerns more than a deliberate attempt to differentiate among GSEs. Accordingly, our view is that more consistent treatment across the GSEs should be part of the final rule. Each GSE, housing and agricultural, operate under federal supervision and with the same basic structured advantages.

Any differential between the risk weights assigned claims on or guaranteed by Fannie Mae and Freddie Mac, and the FHLBanks, will put further funding pressure on the FHLBanks and may create a distorted market view of the soundness of, and government support, for the various GSEs.

Sincerely,



James B. Lockhart III  
Director, Federal Housing Finance Agency  
Chairman, FHFA Oversight Board

Enclosure