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November 7, 2005

Via Electronic Mail RegComments@OFHEO.gov

David A. Felt
Acting General Counsel
Office of Federal Housing Enterprise Oversight
1700 G Street, NW, Fourth Floor
Washington, DC 20552

Re: Comment Regarding OFHEO's Regulatory Review of 12 C.F.R. Chapter XVII

Dear Mr. Felt:

Freddie Mac respectfully submits our comments below in response to OFHEO's September 7, 2005 Notice of Regulatory Review, and request for comments under OFHEO Policy Guidance 01-001 (April 2, 2001).¹ We appreciate this opportunity to participate in that periodic review.

We have identified two areas of OFHEO's regulations that might be updated. The first is OFHEO's Minimum Capital regulations.² Specifically, as OFHEO has previously noted in semiannual regulatory agendas published in the Federal Register,³ the Minimum Capital regulations could be updated, and perhaps simplified, to reflect the impact of the implementation of FAS 133 and other mark-to-market accounting pronouncements. Notably, those pronouncements have brought interest-rate and foreign exchange rate contracts and other derivatives items that were formerly off-balance sheet items onto the balance sheet.

We also note that OFHEO regulations regarding capital classifications contain transition provisions designed to apply during the one-year period following the issuance of final Risk-Based Capital Regulations on September 12, 2001.⁴ Since that one-year period has ended, those transition-period provisions are no longer effective and so could now be deleted from the regulations.

¹ 70 Fed. Reg. 53105.

² See 12 C.F.R. Part 1750, Subpart A.

³ See, e.g., 70 Fed. Reg. 27721 (May 16, 2005).

⁴ See 12 C.F.R. § 1777.20(c); see also 12 C.F.R. § 1777.20(d) (referring to § 1777.20(c)).

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Again, we appreciate the opportunity to comment and would be pleased to discuss our comments with you. Please feel free to call me, or Holly Moore (703-903-4058).

Sincerely,

A handwritten signature in black ink that reads "Kevin I. MacKenzie". The signature is written in a cursive style with a horizontal line under the first name.

Kevin I. MacKenzie

cc: Holly Moore