September 5, 2014

Federal Housing Finance Agency

Office of Policy Analysis and Research

400 7th St., SW, Ninth Floor

Washington, DC 20024

***Fannie Mae and Freddie Mac Guarantee Fees: Request for Input***

Dear Sir or Madam:

The Structured Finance Industry Group[[1]](#footnote-1) (“SFIG”) appreciates the opportunity to respond to the Federal Housing Finance Agency’s (“FHFA”) request for input on guarantee fees (“G-fees”). SFIG’s views are based on opinions from the members of its Government Sponsored Enterprises (“GSE”) Reform Task Force, which is comprised of constituencies from all areas of the residential mortgage-backed securities market, including issuers, servicers, investors, due diligence firms, law firms, trustees, accounting firms, ratings agencies and other market participants.

SFIG believes that there are two primary reasons to adjust G-fees, notably:

1. to effectively price the credit risk associated with a mortgage guarantee, including both the probability of borrower default and the associated change in payment to investors if such a default were to occur.
2. to incentivize the return of private capital to the mortgage market by creating or moving towards pricing equilibrium between the private label securities (“PLS”) market funding level and the GSE funding levels.

SFIG’s primary goal is to support securitization as an essential source of core funding for the real economy.[[2]](#footnote-2) Our response is generally centered on the impact of adjusting G-fees to the PLS market.

**PLS Market is an Essential Source of Funding for Mortgages**

The PLS market provides three main benefits in an efficient and healthy secondary mortgage market:

1. Participants would be able to select from GSE, portfolio, or PLS market funding. SFIG believes that the ability to select from **all three** funding options would allow lenders to provide the consumer with the most competitive mortgage rate – a clear benefit to the real economy, both in terms of providing a low cost of funding but also as a means to diversify housing market funding alternatives and reduce reliance on tax-payer-supported mechanisms, which are currently pervasive.
2. The PLS market provides an outlet for product that the GSEs may not or cannot purchase, such as loans that exceed the conforming loan limit.
3. The PLS market provides a validation mechanism for GSE pricing of mortgage credit risk by making access to mortgage credit more efficient, reducing a potential risk of mispricing credit risk in mortgage origination, and limiting potentially excessive risk-taking by mortgage originators and the GSEs.

**An Adjustment to G-Fee Pricing in Itself May Not be the Most Effective Method to Stimulate the Return of the PLS Market**

SFIG believes that an increase in G-fees is an important step in returning private capital to the mortgage market, and could potentially stimulate supply to the PLS market. Ideally, in a perfectly efficient market, an immediate increase in G-fees would reduce the cost differential between the PLS market and the present GSE structure, thus providing an impetus for private capital returning to the mortgage market.

While such an increase in G-fees may *theoretically* incentivize an increased supply to the PLS market, there remain two key areas of concern:

1. Is the use of these measures likely to be a significant driver of such a swing in supply?
2. Can a “still recovering” PLS market digest any significant increase in supply?

Many, but not all, of our members believe that the PLS market is not sufficiently robust to absorb such a change due to the known structural issues and regulatory overhang that exist (See Appendix A for a further description). Additionally, beyond considerations related to the PLS market, we should remain cognizant of the current macro-economic environment and take great care in considering any action that may affect the cost to consumers and the overall recovery of the housing market.

Conversely, some of our membership, believe that stimulating supply to the PLS market will incentivize market participants to resolve structural issues. Additionally, they highlight that given the current low-interest rate environment, which provides consumers with near-record low-cost funding, the impact of a G-fee increase may be negligible.

To avoid over-stressing the currently thin PLS market and to protect against the risk of creating unintended macro-economic consequences, while being mindful of credit availability, a different approach to setting G-fees (discussed below) might be more appropriate.

**Decreasing Loan Limits May Be a More Efficient Stimulant to Restoring the PLS Market**

A reduction in loan limits has a more direct impact on driving supply to the PLS market than an increase in G-fees, as it actually *prevents* the affected loans from being GSE-financed. When the time is right to incentivize that supply, the more efficient stimulant may therefore be the use of loan limits.[[3]](#footnote-3) A decrease in conforming loan limits would not only serve as a more powerful tool for incentivizing a return of private capital but would also allow the GSEs to focus on borrowers at the lower loan limits who are in most need of lower cost financing.[[4]](#footnote-4) However, it should be noted that due to the structural issues currently present in the PLS market, there is a possibility that ultimately certain loans will not be originated by some lenders (or, if originated at all, being done so at a higher interest rate) if there is no longer a GSE outlet and assuming portfolios are balance sheet constrained.

**Suggested Approach to Potential G-fee Increases**

SFIG would advocate that the FHFA should consider increasing G-fee pricing on a graduated basis based on loan balance limitations. The timing of these G-fee increases applied specifically to higher loan balances should be phased in so as to allow the PLS markets to digest the increased supply.

We recommend this approach be taken on a gradual and deliberate basis to strike a balance between stimulating the return of the PLS market and the risk of overloading both a fragile capital and real estate market. A multi-step approach whereby one set of G-fees exists for loans with a balance up to $417,000 and a second, higher set of fees exists for balances that exceed this more traditional loan limit may be workable as an interim step provided this step is “well telegraphed” to market participants and executed in a gradual fashion. This may also prevent G-fee increases from adversely affecting borrowers purchasing less expensive houses.

Simultaneously, as any potential increases take shape, we ask FHFA to urge regulators to reach resolution on many of the regulatory issues (see Appendix A) that continue to create an overhang in the PLS market and to support industry initiatives, such as SFIG’s Project RMBS 3.0, to remedy any structural issues in the PLS market. It will be difficult for the PLS market to take on additional supply simply resulting from an increase in G-fees, without concurrently addressing these issues.

**SFIG Responses to FHFA’s Questions**

We have answered selected questions below, related primarily to our expertise within the PLS market.

***1. Are there factors other than those described in section III – expected losses, unexpected losses, and general and administrative expenses that FHFA and the Enterprises should consider in setting g-fees? What goals should FHFA further in setting g-fees?***

SFIG believes that consideration should be given to the operational advantages embedded within the GSE funding model over the PLS market. Unless that value is fairly priced into the G-fee, GSE execution will always have an inherent advantage over PLS execution. Specifically, the FHFA should take into account the pricing advantages that government guaranteed securities have over private markets (e.g. senior highly-rated PLS), derived from:

1. a higher degree of standardization (e.g. servicing agreements, contractual arrangements, representations and warranties);
2. scale efficiencies due to the higher volume of loans flowing through the GSEs;
3. credit spread advantages due to the government guarantee; and
4. lower embedded costs due to less onerous regulations.

While these advantages could be transparently priced to further level the playing field, any incremental fees should flow back directly to the taxpayer who ultimately provides such benefits, in lieu of either the industry or via the government.

Notwithstanding the above, and understanding there are additional issues that inhibit growth of the PLS market, it must be recognized that in order to stimulate PLS, provide more diverse funding options and create long-term benefits to consumers and the real economy, some short-term stimulus may be required, which surpasses the principles of price transparency.

***2. Risk to the Enterprises increases if the proportion of higher-risk loans increases relative to the proportion of lower-risk loans. This change in mix can occur if lower-risk loans are retained on bank balance sheets instead of being sold to the Enterprises, if more higher-risk loans are sold to the Enterprises, or if the overall mix of originated loans changes. What alternatives, other than risk-based pricing, should be considered? What are the pros and cons of each alternative?***

The goal of returning private capital through the PLS market should be an important FHFA consideration. An increase in G-fees may facilitate the return of the PLS market, particularly if increases target higher balanced loans first. This approach would also be protective of consumers at the lower end of the housing market. However, given the issues that exist in the PLS market today, any G-fee increase, even on higher balance loans, should be done on a gradual basis, after careful consideration of the impact such increases on credit availability and pricing.

SFIG strongly believes in market transparency and recommends that any setting of new prices or pricing structures should be done in a transparent manner, to include important considerations such as the risk basis being priced (e.g., loan, security, vintage or entity). Moreover, we would expect other considerations, such as affordable housing goals and GSE funding advantages, to be transparently priced outside of the G-fee mechanism.[[5]](#footnote-5)

***3. Currently, target return on capital and the amount of capital largely determine required g-fees. What factors should FHFA and the Enterprises consider in setting target return on capital and amount of capital required? How should the Enterprises allocate capital across risk buckets?***

SFIG believes that reform of the GSEs and the housing finance system is an important goal that requires a legislative solution.  We do not believe that decisions made regarding appropriate target returns on capital and amounts of capital required to be held by the GSEs while in conservatorship should be interpreted as long-term recommendations for appropriate levels for guarantors operating in a restructured housing finance system.

The purpose of capital is to create a cushion against unexpected losses. Capital creates a buffer after loan-loss reserves, and prior to any government guarantee being drawn upon. SFIG favors a housing finance system where normal and unexpected losses are absorbed by a private for-profit enterprise, while extraordinary losses would cause a draw on a government guarantee that would be financed through the collection of guarantee fees.

SFIG views the GSEs’ traditional capital thresholds (approximately ½ percent historically) as too low. However, we do not believe that there is any justification to increase that amount beyond a 4-5 percent capital level, which would have been more than sufficient to cover the GSE’s portfolios in the aggregate during the credit crisis.[[6]](#footnote-6)

Additionally, since the credit crisis, not only have industry losses diminished but underwriting standards have become more conservative, both in terms of risk appetite and risk assessment. The ability to create large markets consisting of subprime loans and loans with no documentation has been severely diminished through the implementation of the “Ability-to-Repay” rule.[[7]](#footnote-7)

In our briefing book on the Housing Finance Reform and Taxpayer Protection Act of 2014 (the “Act”) that passed the Senate Committee on Banking, Housing, and Urban Affairs, we highlighted several considerations in assessing the proper amount of capital for guarantors as contemplated in a future state. The Act would have required a guarantor to have 10 percent capital.

SFIG believes that capitalizing a future housing finance system to withstand a 10 percent unexpected loss is not necessary and is substantially more of a buffer than is required given loss expectations and historical loss deviations. Higher capital requirements could impact homeownership rates in the United States. We would expect the cost of a 10 percent capital requirement to be passed on to borrowers, which could create mortgage rate increases of ½ percent or more. Any such increase would likely adversely impact the U.S. housing market and economy, by dampening homeownership demand.

SFIG believes a more appropriate capital requirement would be 4-5 percent. SFIG would also note that the FHFA has proposed capital requirements for mortgage insurance companies that will be based upon stress tests. The FHFA should consider setting appropriate required capital for G-fees in a consistent manner.[[8]](#footnote-8)

FHFA also inquired about what factors should be considered in setting target return of capital. SFIG believes that achieving a market return consistent with those of private entities bearing similar risks (including banks, mortgage insurers and capital markets risk transactions) should be the primary driver in setting the target return of capital.

***4. At what g-fee level would private-label securities (PLS) investors find it profitable to enter the market or would depository institutions be willing to use their own balance sheets to hold loans? Are these levels the same? Is it desirable to set g-fees at PLS or depository price levels to shrink the Enterprises’ footprints, even if this causes g-fees to be set higher than required to compensate taxpayers for bearing mortgage credit risk and results in higher costs to borrowers?***

There are other factors beyond increasing G-fees that will affect both issuer and investor decisions to return to the PLS market (see Appendix A). The inherent operational funding advantages that the GSEs maintain over private capital have grown larger since conservatorship. Raising G-fees to reflect a fully transparent risk-based pricing level will still leave overall GSE funding costs at a lower level to that of private capital.

We have refrained from commenting on whether there should be a long-term G-fee pricing adjustment or incentive to stimulate the PLS market, as we believe legislative reform is required in order to ensure a viable and liquid housing finance marketplace. However, as we stated in our responses to questions one and two, short-term stimulus may be warranted, and we would expect that any increase to G-fee pricing would be transparent.

SFIG also believes that an increase in G-fees is theoretically an important step in returning private capital to the mortgage market, and could potentially stimulate supply to the PLS market over the long term. In a normally functioning mortgage market, participants are able to select among GSE, portfolio, and PLS funding options that allow lenders to provide consumers with the most competitive mortgage rate.

Furthermore, any increase in G-fees should be initiated within higher loan limits first and followed on by a decrease in conforming loan limits to historical pre-crisis levels. Due to the structural issues in the PLS market, we believe any increase should be deliberate and telegraphed to the market, after careful consideration of the impact of increases on credit availability and pricing. A gradual approach to phase in increases to the G-fees over an extended period of time as the PLS market returns would be the appropriate approach given the recovering housing and mortgage markets.

***5. If the Enterprises continue to raise g-fees, will overall loan originations decrease? That is, will Enterprise loans decline without a commensurate increase in private capital?***

Any increase to the G-fee will theoretically affect the aggregate cost of home financing and loan originations in the short-term.

However, over the long-term, prior G-fee increases have not substantially impaired the availability of mortgage credit in the United States.

Specifically, we would add that if the increase in G-fees stimulates the return of the PLS market over the long term and creates more equilibrium between portfolio, PLS and GSE funding, then we believe such a change takes a step in the right direction towards building a sustainable funding infrastructure that any liquid housing market requires. When banks and other originators have confidence in a diverse set of funding tools, and financing is robust across all market participants, then consumers feel confident re-entering the market, and loan originations increase.

Consequently, SFIG believes that a measured increase in G-fees targeted to higher loan balances may be helpful in bringing market participants back into the PLS market. However, we are mindful that such an increase may result in higher interest rates for these loans, and of the need to limit any disruption in the housing and mortgage markets that may result. We anticipate any loan origination decrease would be marginal. It should also be noted that due to the structural issues currently present in the PLS market, there is a possibility that ultimately certain loans will not be originated by some lenders (or, if originated at all, being done so at a higher interest rate) if there is no longer a GSE outlet and their portfolio balance sheets are constrained. Therefore, we suggest any G-fee increases, even for loans with higher loan balances, be done on a gradual basis.

Over the long-term, SFIG believes that the ability to select GSE, portfolio or PLS market funding options would allow lenders to provide the consumer with the most competitive mortgage rate – a clear benefit to the real economy, both in terms of providing a low cost of funding but also as a means to diversify housing market funding alternatives and reduce reliance on tax-payer-supported mechanisms, which are currently pervasive.

***6. Is it desirable for the Enterprises to charge higher g-fees on low credit score/high LTV loans if it causes these loans to be insured/securitized through FHA/Ginnie Mae rather than through the Enterprises?***

SFIG believes that merely changing the destination of where loans are entering the secondary market is not impactful to the return of private capital. Since the GSEs are in government conservatorship, there is no substantial difference if a mortgage loan is going to a GSE or to Ginnie Mae. Both entities are controlled by the United States Government. Reducing the governmental footprint and introducing private capital is of greater import than the ultimate destination of a mortgage loan.

***7. Is it desirable for the Enterprises to (a) charge higher g-fees on high credit score/low LTV loans if it causes these loans to be insured/securitized through PLS or (b) held on depository balance sheets, rather than guaranteed by the Enterprises?***

After careful consideration of the impact of increases on credit availability and pricing, it is SFIG’s view that higher G-fees should be charged on higher loan limit mortgage loans so as to incentivize delivery of such loans to the PLS market. Traditionally, prior to the credit crisis, loans with higher balances were the purview of the PLS market. Loans with high credit scores/low LTV’s should be securitized by both the GSEs and the PLS market. Therefore, we believe a distinction should not exist based on credit characteristics. The distinction should be based on product characteristics such as loan balance.

***11. Taking into consideration that FHFA has previously received input on state-level pricing adjustments, do the g-fee changes proposed in December 2013 have any additional implications that should be considered in deciding whether to price for the length of state foreclosure timelines, unable to market periods or eviction timelines? Are there interactions with other pricing components under consideration that FHFA should consider in making decisions on the state-level adjustments?***

While we do not generally express an opinion on state-level pricing adjustments, we do want to raise an important issue that is also based on regional considerations. As FHFA is aware, several jurisdictions across the United States have introduced proposals to allow for the seizure of mortgages deemed to have higher balances than the value of the property, even if these mortgages are performing. SFIG strongly believes that the use of eminent domain to achieve this end is misguided and should not be supported in any way. Allowing the use of eminent domain to this end would send the wrong message to the secondary mortgage markets irrespective of whether a mortgage loan is in a GSE mortgaged-backed security or in a PLS. We ask the FHFA to participate in an inter-agency response among the Federal Housing Administration, Ginnie Mae, and the Veterans Affairs, to establish that governmental programs will not insure or guarantee refinancings or mortgage loans that were taken by municipalities that have adopted eminent domain proposals.

***12. Are there interactions with the Consumer Financial Protection Bureau’s Qualified Mortgage definition that FHFA should consider in determining g-fee changes?***

There are numerous interactions between the G-fee changes and the qualified mortgage (“QM”) standard. First, since the GSEs’ loan programs have been automatically accorded QM status while the GSEs are in conservatorship, G-fee changes will clearly change the cost of credit for QM lending, and by extension, non-QM lending as well.

Furthermore, G-fee changes will also change pricing within the QM category as better/worse risk buckets are priced more or less granularly. In effect, FHFA can create both the implied credit risk component within the QM category as well as either relatively little differentiation within QM, or substantial risk based pricing within QM.

As set forth above, SFIG believes in housing finance reform. Accordingly, FHFA should also consider the impact of G-fees in a “post automatic qualification as a QM” world when the GSEs are no longer in conservatorship. For example, FHFA may allow the GSEs to offer interest-only loans after 2021, which may obtain favorable GSE pricing but not be, by definition, QM.

In short, the Consumer Financial Protection Bureau (“CFPB”) sets acceptable lending standards within QM but the GSEs set the price for such loans and therefore are as important as the CFPB in the operation of QM. These implications should also be considered with respect to the PLS market, because Non-QM loans are a natural product for delivery to that market.

We appreciate the opportunity to comment on the proposed approach. Please contact the undersigned at Richard.Johns@sfindustry.org or 202-524-6301 with any questions or comments.

Sincerely,



Richard Johns

Executive Director

**APPENDIX A**

**Why is Private Capital Absent from the Secondary Mortgage Market?**

There are multiple elements that drive supply-demand market dynamics, with pricing being key among those elements. However, in the case of the PLS market, there are many other factors currently influencing the decisions of issuers to issue (supply) and investors to invest (demand).

Issuance has been constrained by both structural issues and regulatory uncertainty. An outline of these road-blocks and their impact on the PLS market can be seen below.

|  |  |
| --- | --- |
| **Key Issues** | **Impact on the Mortgage-Backed PLS Market** |
| **Investor Viewpoint** | **Issuer Viewpoint** |
| **GSE Reform** | Investors are unclear as to what the future state of mortgage finance will be and what level of private capital involvement is needed to fill any void left by the proposed retrenchment of the GSEs. In the meantime, the GSEs’ market share continues to dominate the market. | Issuers are similarly unclear as to what the future state of mortgage finance will be and what level of private capital involvement is needed to fill any void left by the proposed retrenchment of the GSEs. In the meantime, the GSEs’ market share continues to dominate the market. |
| **Risk Retention** | If a Qualified Mortgage does equal Qualified Residential Mortgage then investors may shy away from investing because neither the borrower nor the issuer have adequate “skin in the game.” In addition to issuers retaining risk, many investors favor a “QM Plus” standard including some sort of down payment requirement and the absence of such in a final rule may impact investor appetite.  | At this juncture it is still far from certain if a Qualified Mortgage will equal a Qualified Residential Mortgage. Issuers are hesitant to develop large scale programs because of the lack of clarity on how much risk they have to retain on future deals and the process for calculating the amount of risk.  |
| **Modifications** | Investors are concerned that with the purchase of private-label securities, their investment may be subject to risk of being altered by regulators through governmental programs or mortgage settlements by state attorneys general.  |   |
| **Eminent Domain** | Investors are concerned about municipalities’ proposals to seize “underwater” mortgages for the purposes of modifying borrowers’ mortgages which would also alter their investment.  | Issuers are similarly concerned about municipalities' proposals to seize "underwater" mortgages for the purposes of modifying borrowers' mortgages which would also alter their issuance. |
| **US Implementation of Basel III** | This regulation discourages the return of private capital by disincentivizing investment in private-label securities, as they are treated as illiquid under current proposals. Less investment in securities deemed illiquid fosters an environment of decreased market size and therefore decreased liquidity.  | This regulation discourages the return of private capital by treating private-label securities in a lower tier than securities issued by the GSEs.  |
| **Regulation AB II[[9]](#footnote-9)** | It is unclear to investors what level of loan-level disclosure will exist for all transactions. Will Schedule AL’s loan level disclosure apply to just public deals?  | Regulation AB II includes changes to disclosure and reporting protocols, which will impact internal systems that are designed to automate creation of required loan-level fields. Work is needed by issuers to upgrade systems to comply. Manually inputting loan-level information, or outsourcing to third-parties, is not consistent with scalable and efficient funding. At this juncture, it is unclear if issuers will make the necessary investment in systems without clarity on whether PLS issuance volumes will increase. |
| **Servicing Standards** | A general concern that servicers’ interests are not properly aligned with investors and a lack of transparency in servicer loss mitigation processes. | Issuers are unclear as to what servicing standards will exist in the future and whether the recent focus on specialty servicers means that broader changes are on the way. |
| **Transaction Parties and Investor Communications** | Some investors feel they cannot obtain adequate information from certain transaction parties either due to difficulties accessing available reporting or the inadequacy of the reporting itself. |   |
| **Representations, Warranties, and Repurchase Governance** | Investors have indicated that a mechanism to solve issues related to representations and warranties is a pre-requisite to returning to the market.  | Issuers continue to explore frameworks that provide appropriate breach determination features while also offering certainty that a breach claim stems from a material loan defect rather than a borrower life or credit event. Additionally, rating agencies tend to have differing views on how to develop these frameworks.  |
| **Substantial Due Diligence** | Investors are further concerned about the inability to rely on rating agencies to the same degree as prior to the credit crisis. For investors to purchase securities, a substantial amount of due diligence is required which is costly and impacts profitability of an investment. | Presently, 100% due diligence is generally required by investors and rating agencies prior to engaging in private-label securities transactions, which is not an operationally scalable and sustainable model for large volume, periodic issuers.  |
| **Pricing** | Low cost deposits and “easy” access to GSE and Federal Home Loan Bank funding for issuers has suppressed PLS issuance volumes that many investors believe are required to attract a sufficiently deep and liquid investor base. | Low cost deposits and “easy” access to GSE funding and Federal Home Loan Bank funding for issuers do not make PLS issuance a sufficiently attractive funding alternative.  |

1. SFIG is a member-based, trade industry advocacy group focused on improving and strengthening the broader structured finance and securitization market. SFIG provides an inclusive network for securitization professionals to collaborate and, as industry leaders, drive necessary changes, be advocates for the securitization community, share best practices and innovative ideas, and educate industry members through conferences and other programs. Members of SFIG represent all sectors of the securitization market including issuers, investors, financial intermediaries, law firms, accounting firms, technology firms, rating agencies, servicers, and trustees. Further information can be found at [www.sfindustry.org](http://www.sfindustry.org). [↑](#footnote-ref-1)
2. While SFIG’s response to FHFA focuses on the short-term impact of amending G-fees, it should be noted that SFIG believes that maintaining the GSEs in conservatorship is not sustainable and meaningful legislative reform is required in order to create a viable and liquid housing finance marketplace. [↑](#footnote-ref-2)
3. The primary avenue to re-introduce the PLS market would be to create a market where the GSEs are not active: non-qualified mortgages and jumbo mortgage loans (loan size above the GSE conforming loan limit). Adjustable-rate mortgages, which are not eligible for delivery into TBA securities, could also be an area for private capital to participate. [↑](#footnote-ref-3)
4. As SFIG has previously espoused in times of exigency, such as during a credit crisis, loan limits can be temporarily increased if governmental support becomes necessary. [↑](#footnote-ref-4)
5. SFIG has testified that Congress should explicitly promote affordable housing through a stand-alone program not linked in any way to the operation of the secondary mortgage market, and should fund that program through separate legislative mechanisms. <http://www.sfindustry.org/uploads/TestHousingReformSenBankCom_09_12_13.pdf>, SFIG testimony before the Senate Committee on Banking, Housing, and Urban Affairs, September, 12, 2103, page 5. [↑](#footnote-ref-5)
6. <http://www.urban.org/UploadedPDF/412935-The-GSE-Reform-Debate-How-Much-Capital-Is-Enough.pdf>, The GSE Reform Debate: How Much Capital is Enough? Laurie Goodman and Jun Zhu, Urban Institute, October 24, 2013, page 6. [↑](#footnote-ref-6)
7. Ability to Repay and Qualified Mortgage Standards Under the Truth in Lending Act (Regulation Z), 12 CFR 1026. [↑](#footnote-ref-7)
8. [http://www.fhfa.gov/PolicyProgramsResearch/Policy/Documents/PMIERs/PMIERs-Overview.pdf](http://www.int.fhfa.gov/PolicyProgramsResearch/Policy/Documents/PMIERs/PMIERs-Overview.pdf), FHFA Requests Input on Draft Private Mortgage Insurer Eligibility Requirements for Fannie Mae and Freddie Mac Counterparties, July 10, 2014. [↑](#footnote-ref-8)
9. While Regulation AB II was adopted by the Securities and Exchange Commission (“Commission”) on August 27, 2014, the Commission’s adopting release stated that several proposals remain outstanding. For example, one remaining question is whether the rule will apply to Rule 144A transactions. There is no indication as to when these proposals will ever be further acted upon. [↑](#footnote-ref-9)