

July 30, 2014

Ronna Richardson
Administrative Office Manager
The Federal Housing Finance Agency
Constitution Center
400 7th Street SW
Washington, DC 20014

Attn: Mortgage Insurance Eligibility Project
Docket #: 2014-N-X

Dear Ms. Richardson,

Kroll Bond Rating Agency (KBRA) hereby provides input on the draft revised private mortgage insurer eligibility requirements that the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) would use to approve private mortgage insurers.

The Use of Ratings

In several parts of the draft, you refer to the use of nationally recognized statistical rating organizations (NRSROs), including Standard & Poor's, Fitch or Moody's. You also make specific references to using ratings issued by these organizations to determine eligibility for paying dividends (Section 704) and the use of reinsurance (Section 708).

We respectfully submit that the FHFA should not deliberately specify particular NRSROs in this draft rule or in any other rule making. Instead, FHFA should simply require the use of NRSROs and an "investment grade rating" instead of specifying a particular rating from a given agency.

Overall, we believe that the use of NRSRO ratings will be helpful to FHFA, and the entities it supervises, in terms of risk management and monitoring other prudential concerns with respect to Fannie Mae, Freddie Mac, and the Federal Home Loan Banks, especially as non-bank financial institutions grow in terms of the overall risk exposure to these agencies.

We will be happy to discuss this letter with you and the members of the FHFA staff.

Kind regards,

A handwritten signature in blue ink, appearing to read "C. Whalen", with a horizontal line underneath.

Christopher Whalen | Senior Managing Director

Kroll Bond Rating Agency, Inc.

845 Third Avenue, New York, NY 10022

Tel: 646-731-2366 | Cell: 914-645-5304 | Email: cwhalen@kbra.com