

**Enterprise Capital Requirements Rulemaking  
Proposed Rule (83 FR 33312 (July 17, 2018))**

**Meeting of the Federal Housing Finance Agency (FHFA) and Walker & Dunlop, Inc.  
on the Enterprise Capital Requirements Proposed Rule  
August 3, 2018**

**Attendees (in-person):**

FHFA: Naa Awaa Tagoe, Andrew Varrieur, Christopher Vincent, Luis Mejia,  
Brian Goudy, Christopher Curtis

**Attendees (by-phone):**

Walker & Dunlop, Inc.: Willy Walker

**Summary:** The subject of the discussion was FHFA’s proposed capital treatment of the Enterprises’ respective multifamily business models: Fannie Mae’s “DUS” model (Delegated Underwriting and Servicing) and Freddie Mac’s “K-deal” model. Walker & Dunlop sells multifamily mortgages to both Enterprises, and hence under both models. Mr. Walker emphasized the importance of maintaining both models as competitively viable alternatives.

Specific topics included:

- The proposed capital charge for counterparty credit risk under Fannie Mae’s DUS model, and the extent to which that capital charge would be reduced by treating the counterparty’s restricted liquidity as collateral, as well as the Enterprise’s rights to the seller’s mortgage servicing rights.
- Proposed capital treatment for different variants of the DUS model, specifically top-loss risk retention by the seller vs. pari passu between the seller and Fannie Mae.
- Proposed capital treatment of market risk during the aggregation period associated with Freddie Mac’s K-deals.
- Performance and market acceptance of the respective models during periods of market stress. (The DUS model has been in use much longer than the K-deal model.)