Midas Directed Investments
"Auro locus est in quo conflatur."

Federal Housing Finance Agency
Eighth Floor
400 Seventh St, SW
Washington, DC 20219
Re: RIN-2590-AA95

Dear Dr. Calabria:

Allow me to express my appreciation for your dedication to HERA's mandate to release Fannie Mae and Freddie Mac from conservatorship. The Re-Proposed Capital Rule (hereafter "RCR") is the most important step to that end and was clearly written with great care and attention to detail. As requested, I have prepared comments, recommendations, and answers to several of the questions in the RCR.

The GSEs are a core part of the American economy, allowing a large segment of the population to generate long-term wealth via home ownership. As shareholder-owned companies they can, upon release from conservatorship, leverage the best aspect of the markets in our country: allowing individual investors to allocate capital in aggregate, which benefits the entire economy due to the wisdom of crowds. As a current holder of GSE stock and potential participant in near-future share offerings, I offer my thoughts from the perspective of an investor seeking to offer capital for use in this key segment of the economy.

If I could summarize my recommendations into a single sentence it would be this:

Have the GSEs raise as much high-quality capital as possible, as soon as possible.

Every day that passes with the GSEs being thinly capitalized is another day that the housing finance system and taxpayers are at risk. I applaud your insistence that recapitalizing the GSEs is mandated by HERA, and expediting the process is part of that mandate.

Embedded in this core recommendation are all the steps necessary to conduct this capital raise, some of which are outlined in the rest of this letter. There are many moving parts and you will be opposed by parties interested in maintaining the status quo, but I have every confidence that you are up to the task.

Returns on Investment

It should come as no surprise that the primary concern of an investor is maximizing returns subject to their individual risk tolerances. Attracting the necessary capital to bring the GSEs' capital levels up to the ones you require will have to place this concern foremost. An important metric for investors will be the GSEs' return on equity (ROE), and excessive capital requirements will either hinder or prevent that measure from reaching the 10-12% that will likely be needed.

As discussed below, I believe the answer to Question 26 in the RCR should be a resounding "no" with this concern as the primary reason. The GSEs' current after-tax income is sufficient to provide the above ROE when measured against the base capital requirements but is not when the buffers are included.

Consent Order

Attracting the amount of capital it will take to fully recapitalize the GSEs under the terms of the RCR, buffers and all, will take both time and a generous helping of investor reassurance. As you have said, a capital raise might not occur until 2021 or 2022 and filling the buffers will take even longer.

Recently, the United States Supreme Court found that the Director of the Consumer Finance Protection Bureau should be subject to at-will removal by the President.[1] While you correctly noted that the decision in *Selia* is not a direct read-through to the FHFA, there is still the possibility that a President could remove you from office before the end of your term through no fault of your own if the Supreme Court makes a similar ruling in *Collins*. Crucially, said removal could happen before the capital raise. This would derail the entire rehabilitation and release process, and your statutory mandate to complete that process demands that you take steps to avoid this outcome.

One possibility you have mentioned is releasing the GSEs under a consent order. This would cement the reforms you have made and will accomplish, but more importantly the companies themselves would be parties to the consent order and as such could not be unilaterally forced out of the agreement, or into a different one, by a future FHFA Director, so long as the order is constructed carefully and correctly.

If the GSEs cannot raise enough capital to meet your requirements by the time you can be removed from office by the President at-will, you should release them under consent order and include binding instructions for them to raise the remainder of the capital to fulfill your capital requirements as quickly as is feasible.

[1] *Selia Law LLC v. Consumer Finance Protection Bureau*, 591 U.S. ___ (2020)

Release Under Consent Order – Capital Levels

As FHFA Director, you have latitude on what capital level at which to allow this release under consent order. Depending on the level you choose, the GSEs could be classified as "undercapitalized" or "significantly undercapitalized" under HERA upon release.[2] Given FHFA's statutory authority over the GSEs when they are classified as "significantly undercapitalized" – specifically the FHFA Director's authorities to determine the form and amount of future capital raises[3] and essentially hand-pick the boards of directors[4] – I believe it is essential to bring the GSEs to (at a minimum) "undercapitalized" with all due haste. These two authorities, along with the remainder of 12 USC 4616(b), would have a chilling effect on attracting private capital.

The way to square the circle is to have the GSEs conduct capital raises large enough to meet the Leverage Capital Requirement (hereafter "LCR") immediately so that the participants would not become partial owners of companies subject to such deleterious authorities. Your mentions of the GSEs potentially conducting "the largest equity raises in history" show an acute awareness of this consideration.

This, of course, is in addition to the primary concern of taxpayer protection that is enhanced by the GSEs holding ample amounts of high-quality, first-loss capital. I urge you to direct and encourage the GSEs to take actions that bring their core capital levels up to the full standard ($152B as of 09/30/19) as quickly as possible.

In the event that a sufficiently large capital raise in a short timeframe is not possible or feasible, I recommend you modify Section XIV ("Compliance Period") to set concrete milestones for the GSEs to build the required capital in chunks, rather than allowing them to potentially put it all off until the last minute. In addition, any consent order should include language that FHFA will not use the authorities under 12 USC 4616(b), or any other authorities over the GSEs when they are not classified "adequately capitalized" or "undercapitalized" by HERA that hinder the building of capital, during the compliance period.

Urgency

You are on record as repeatedly stating that the recapitalization of the GSEs is an urgent priority and should not be needlessly put off. I fully agree: even with the COVID-19-induced storm clouds overhead, the sun is peeking through in the equity markets. With sufficient returns and protections there is plenty of money out there ready to invest in the GSEs.

As mentioned above, your tenure at FHFA is not guaranteed to last through January 2021, let alone April 2024. In the last 16 months you have demonstrated a clear vision

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[2] 12 USC 4614(a)(2), (3)
[3] 12 USC 4616(b)(3)
[4] 12 USC 4616(b)(5)

for the future of the GSEs, including responsibly ending the conservatorships. Your statutory mandate to rehabilitate and release the GSEs therefore requires accomplishing as much as possible towards this goal as quickly as you can. This includes doing whatever is necessary, such as signing a consent order, one that is binding on FHFA, that would prevent a potential future FHFA Director from "re-interpreting" HERA and taking actions antithetical to said rehabilitation, as past FHFA Directors have done.

Included in this sense of urgency is avoiding any extraneous delays, such as extending the comment period for the RCR. Its complexity is not so excessive as to warrant more than the 103-day comment period (from release of the RCR on 05/20/20 to the close of the comment period on 08/31/20) that has already been provided.

Dovetailing with the next section (Settling the Collins Case) is the fact that, regardless of what happens in *Collins*, if President Trump loses the election his successor is certain to replace Steven Mnuchin as U.S. Treasury Secretary. That new Secretary would have the power, given by the PSPAs, to deny a release from conservatorship for any reason he or she chooses.[5] It is imperative that *all* of Treasury's involvement in the process of ending the conservatorships be complete by next January, and preferably as soon as possible prior to then. This includes:

1) Ending the Net Worth Sweep once and for all.
2) Reaching a resolution to all outstanding court cases involving Treasury as a defendant by settling or mooting them with the correct PSPA amendment terms.
3) Eliminating all but $1B of the senior preferred shares by Treasury writing them down, exchanging them for common shares, or some combination of the two.
4) Eliminating the warrants by Treasury exercising them, selling them to the companies or outside investors, or writing them off.
5) Negotiating an appropriate continued backstop and a commitment fee to be paid by the GSEs.
6) Removing any PSPA language requiring Treasury's express approval for actions that would allow the GSEs to raise capital and exit conservatorship.
7) Negotiating other amendments to the PSPAs as necessary.
8) Re-negotiating the terms of the Senior Preferred Stock Certificates to allow the GSEs to raise capital and exit conservatorship, in particular section 4.

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[5] Senior Preferred Stock Purchase Agreement, Section 5.3:
"*Conservatorship*. Seller shall not (and Conservator, by its signature below, agrees that it shall not), without the prior written consent of Purchaser, terminate, seek termination of or permit to be terminated the conservatorship of Seller pursuant to Section 1367 of the FHE Act, other than in connection with a receivership pursuant to Section 1367 of the FHE Act."

Settling the Collins Case

The case *Collins v Mnuchin*[6] has taken a place of central importance in releasing the GSEs from conservatorship. There is a very high chance, given the Supreme Court's *Selia* ruling, that you will be removable at-will by the President if the Supreme Court is allowed to make a ruling in *Collins*. This introduces the risk that President Trump loses the election and his successor removes you from office without you being able to do anything about it.

A settlement with the plaintiffs must therefore be reached; while some actions FHFA and Treasury can take – namely a full unwinding of the NWS – will fulfill the plaintiffs' wishes, none of them can cure a constitutional defect in HERA's removal clause for the FHFA Director. The primary benefit of settling the case is that a new lawsuit, one seeking to make the FHFA Director subject to at-will removal by the President, would take time to percolate through the courts, time in which you could remain in office (naturally avoiding anything that could be used as cause in a for-cause removal) and complete the rehabilitation and release of the GSEs as HERA mandates you to do.

Dividend and Payout Restrictions

The GSEs' role in the housing finance system is like that of a municipal utility, providing the stable delivery of liquidity that allows the system to function while not being interested in growth for its own sake. Investors in such utilities generally desire income generation rather than earnings growth, and I expect the GSEs to be no exception once they are released and run by shareholders.

This means that dividend payments will be the primary motivator of investors deploying their capital. The current set of restrictions in the capital rule certainly has the right idea, tying investors' incentives to maintenance of a sufficient buffer on top of the capital requirements.

While this model is sustainable once the GSEs fill up those capital buffers, it works against getting to that point in the first place. Shares in utilities that do not pay dividends are a tough sell. My recommendation here is twofold:

1) Implement a 3-year exception to the payout restrictions to allow for preferred stock dividends and a modest common stock dividend. This show of good faith will make the initial capital raise much easier, and later ones should they become necessary.
2) Smooth out the payout restrictions in Table 8 to be more consistent and allow for more predictable dividend payments in the future.

[6] *Collins v. Mnuchin*, cert granted 07/09/20 https://www.supremecourt.gov/orders/courtorders/070920zor_i425.pdf

Capital Buffer Level[7]	Maximum Payout Ratio, RCR As-Is	Maximum Payout Ratio, Midas Recommendation
>= 100%	None	None
75-100%	60%	80%
50-75%	40%	60%
25-50%	20%	40%
0-25%	0%	20%[8]
< 0%	0%	0%

The Stability Capital Buffer

One worrying aspect of the RCR is the existence of the stability capital buffer component of the PCCBA. I recommend eliminating it from the RCR because it is wholly unnecessary for several reasons:

1) As we are observing in the ongoing COVID-19 crisis, the GSEs should be *encouraged* to increase their market share, even if temporarily, to support the housing finance system in times of need. Increasing their capital requirements at such a time introduces unneeded pro-cyclicality.

2) Treasury's Housing Reform Plan, developed at the direction of President Trump in his March 27, 2019 memo, includes amending the PSPA to "require the GSE to fully compensate the Federal Government in the form of an ongoing payment for the ongoing support provided to the GSE under the PSPA."[9] This paid-for backstop abrogates the need for a separate stability capital buffer.

3) Any draw on this Treasury backstop would require a complete wipeout of shareholders, which in and of itself is a powerful incentive for the directors of the GSEs to maintain adequate capital at all times. It would not, however, constitute an actual default by the GSEs: bondholders and MBS investors would continue to receive full principal and interest payments. This is the key difference between the GSEs, who will have an explicit and paid-for backstop from Treasury, and other GSIBs. This renders the stability capital buffer redundant.

[7] The ranges are not inclusive of the higher number; e.g., "75-100%" means "greater than or equal to 75% and less than 100%".
[8] Though in no circumstance should a GSE be allowed to make a dividend payment or other payout that would take a buffer below 0%.
[9] Treasury Housing Finance Reform Plan, page 27
https://home.treasury.gov/system/files/136/Treasury-Housing-Finance-Reform-Plan.pdf

Peak Cumulative Losses

I am concerned about the use of "peak losses" as (partial) justification for the different capital requirement levels. Specifically, the numbers beside "Cumulative Treasury Draws through December 31, 2011" in Tables 4 and 5 are rather overstated. A portion of the draws taken from Treasury in that period were immediately paid back to Treasury as dividends, and thus were not true losses by the GSEs.

Enterprise	Draws from Treasury 2008 Q3 – 2011 Q4	Dividends paid to Treasury 2008 Q3 – 2011 Q4	Difference
Fannie Mae	$116.149B	$19.821B	$96.328B
Freddie Mac	$71.317B	$16.522B	$54.795B
Combined	$187.466B	**$36.343B**	$151.123B

In addition, a portion of the GSEs' losses were sustained from their purchase of fraudulently conveyed PLS in the period leading up to the financial crisis. The GSEs recovered $24.9B between them in later lawsuit settlements.[10]

Thus the "peak cumulative losses" incurred by the GSEs are *at least* $61.243B lower than the numbers in the RCR. To the extent that this consideration contributed to developing the final capital requirements, I recommend you partially reverse it to better reflect the actual losses sustained by the GSEs in the aftermath of the financial crisis and tailor their required capital levels accordingly.

Letter of the Law versus Spirit of the Law

Section 4612 of HERA specifies that:

(a) Enterprises: For purposes of this subchapter, the minimum capital level for each enterprise shall be the sum of—

(1) 2.50 percent of the aggregate on-balance sheet assets of the enterprise, as determined in accordance with generally accepted accounting principles;

(2) 0.45 percent of the unpaid principal balance of outstanding mortgage-backed securities and substantially equivalent instruments issued or guaranteed by the enterprise that are not included in paragraph (1); and

(3) 0.45 percent of other off-balance sheet obligations of the enterprise not included in paragraph (2) (excluding commitments in excess of 50

[10] https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Final-Update-on-Private-Label-Securities-Actions-9172018.aspx

> percent of the average dollar amount of the commitments outstanding each quarter over the preceding 4 quarters), except that the Director shall adjust such percentage to reflect differences in the credit risk of such obligations in relation to the instruments included in paragraph (2).[11]

However, HERA, and the Safety and Soundness Act that many parts of it were based on, was passed prior to 2010 when the GSEs started including MBS on the balance sheet. Thus, under the Safety and Soundness Act their unpaid principal balance of outstanding MBS have historically only carried a 0.45% weight in the minimum capital requirements.

A short conversation with former Fannie Mae CFO Tim Howard resulted in his explaining that it was then-Federal Reserve Board Chairman Paul Volcker who recommended that the GSEs have a minimum capital ratio of 0.50% of their off-balance sheet MBS, and after the Senate Banking Committee lowered it to 0.45%, that recommendation was incorporated into the Safety and Soundness Act.[12]

Thus there is a clear conflict between the letter of the law, which requires a 2.5% minimum capital standard for all on-balance sheet assets inclusive of MBS, and the spirit of the law, which requires 0.45% for the MBS instead. This is a significant difference as MBS make up the vast majority of the GSEs' on-balance sheet assets.

Fannie Mae, in its most recent 10-K filing, said "Our regulatory capital classification measures are determined based on guidance from FHFA, in which FHFA (1) directed us, for loans backing Fannie Mae MBS held by third parties, to continue reporting our minimum capital requirements based on 0.45% of the unpaid principal balance…" on page F-50.[13] Similar language appears in Freddie Mac's most recent 10-K filing.[14] This is no different that its language in past 10-K filings, and it shows that you have allowed this spirit-of-the-law stance to apply during your tenure as FHFA Director.

As such, I urge you to reconsider the flat 2.5% LCR, as it is apparently not required by the law. While you are well within your statutory rights to set the LCR higher than the minimum required by the Safety and Soundness Act,[15] it is not required of you to set it at or higher than 2.5% of all on-balance sheet assets.

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[11] 12 USC 4612(a)

[12] https://howardonmortgagefinance.com/2019/02/07/a-three-year-retrospective/comment-page-1/#comment-9463

[13] https://www.fanniemae.com/resources/file/ir/pdf/quarterly-annual-results/2019/q42019.pdf

[14] http://www.freddiemac.com/investors/financials/pdf/10k_021320.pdf, page 255

[15] 12 USC 4612(c), (d), (e)

CET1 Proportions

A recent comment made by Wazee Street Capital Management[16] questioned the stipulation in the RCR that the Prescribed Capital Conservation Buffer Amount (PCCBA), which was calculated as $98.8B as of 09/30/19, would need to be entirely comprised of CET1 capital because other types of capital are allowed to count towards other capital requirements.

I agree with this statement, but not their proposed resolution. The Wazee Street comment said that the proportion of the PCCBA comprised of CET1 capital should be 56% because the CET1 capital requirement of $75B is 56% of the Total Capital requirement of $135B.

Instead, since the Total Capital requirement is quite permissive regarding what can be included, while CET1 and Tier 1 are very restrictive, I believe the required proportion of CET1 in the PCCBA should be based on the ratio of the CET1 requirement to the *Tier 1* capital requirement. This furthers your desire for the GSEs to have an abundance of high-quality capital while also making the rule feasible for acceptance by capital markets.

	RCR As-Is	Wazee Street Proposal	Midas Proposal
PCCBA Amount	$99B	$99B	$99B
PCCBA CET1 Amount	$99B	$56B	$75B
CET1 Proportion of PCCBA	100%	56%	75%

From the RCR's capital requirements it is clear that you desire the GSEs' Tier 1 capital (6% of risk-weighted assets) to be predominantly composed of CET1 capital (4.5% of risk-weighted assets) at a 75% weight (4.5% / 6%). This proportion should be maintained in the rest of the capital requirements as well as both buffers.

Wazee Street states that its proposal "would allow the Enterprises to raise an additional $69 billion of preferred stock while CET1 would still be the predominant form of capital" but seems to fail to realize that doing so would give the GSEs $102B of non-cumulative preferred equity out of the Tier 1 plus PCCBA requirement of $175B; common equity of $73B would not even be the majority let alone predominate.

While Tier 1 and core capital are not identical, they fulfill similar functions in the capital requirements. I therefore recommend that in the finalized rule you also add a separate CET1-like component, defined as core capital minus non-cumulative preferred equity, to the LCR and require it to be equal to 75% of the total (1.875% of adjusted total assets in the current RCR), both for consistency and to further promote capital quality.

[16] https://www.fhfa.gov//SupervisionRegulation/Rules/Pages/Comment-Detail.aspx?CommentId=15558

Answers to Questions in the RCR

Of the many questions asked in the RCR, from an investor perspective I believe the following are the most important.

Question 5

Q: Should the Enterprise's leverage ratio requirements be based on total assets, as defined by GAAP, the Enterprise's adjusted total assets, or some other basis?

A: See Letter of the Law versus Spirit of the Law on page 7.

I believe the LCR should be based on the spirit of the law, which puts a much smaller weight on previously off-balance sheet MBS that have a very different (i.e., much lower) risk profile than other assets.

Failing that, a 2.5% requirement based on risk-weighted assets, rather than adjusted total assets, would accomplish a similar goal, albeit to a lesser extent.

Question 8

Q: Alternatively, should the enforcement of the risk-based capital requirements during the implementation of a capital restoration plan be tailored through a consent order or other similar regulatory arrangement, and if so how?

A: Only if raising sufficient capital to fully meet the capital requirements in a short period of time proves infeasible or impossible. All efforts should be made to raise that amount of capital as soon as possible.

A consent order is the recommended fallback, one that is binding on FHFA in the event you are not able to finish the rehabilitation and release of the GSEs prior to your term expiring or being removed at-will by the President if *Collins* is decided similar to *Selia*.

Question 12

Q: Should an Enterprise's stress capital buffer be based on the Enterprise's adjusted total assets or risk-weighted assets?

A: As the buffer is designed to mitigate risk of insolvency and loss of investor and creditor confidence, it should be based on risk-weighted assets. Otherwise even the riskiest assets would carry the same weight as highly liquid and safe assets such as cash or U.S. Treasury bonds, an illogical result.

Questions 16-22

Q: (various)

A: See The Stability Capital Buffer on page 6. The stability capital buffer should not even exist, whose elimination of which would render these questions moot.

Question 24

Q: Should the PLBA for an Enterprise be sized as a fraction or other function of the PCCBA of the Enterprise? If so, how should the PLBA of an Enterprise be calibrated based on the Enterprise's PCCBA?

A: In conjunction with my recommendation that the PCCBA and PLBA be composed of (at least) 75% of CET1 capital, I recommend that the PLBA not be a separate buffer, and instead FHFA should have the PCCBA apply to both the Risk-Based and Leverage capital requirements. The high amount of loss-absorbing CET1 capital would remove the need to have the PCCBA and PLBA be separate.

Question 25

Q: Are the payout restrictions appropriately formulated and calibrated?

A: See the table in 2) of Dividend and Payout Restrictions on page 5 for my alternative suggestion.

Question 26

Q: Should there be any sanction or consequence other than payout restrictions triggered by an Enterprise not maintaining a capital conservation buffer or leverage buffer in excess of the applicable PCCBA or PLBA?

A: I believe this to be the most important question in the rule from the perspective of a potential investor. I firmly believe the answer to this question should be an unequivocal and resounding "no," and that you should add language to the final capital rule reinforcing this while removing any language that would call this into question, specifically the two sentences starting with "FHFA could, depending on the facts and circumstances…" on page 102. The proposed restrictions on payouts will serve to restore the buffers over time, even in times of financial stress.

Question 27

Q: Should the payout restrictions be phased-in over an appropriate transition period? If so, what is an appropriate transition period?

A: See 1) in Dividend and Payout Restrictions on page 5. An appropriate transition period is 3 years to allow for the building of a suitable buffer through retained earnings after a large capital raise.

Question 28

Q: Should the payout restrictions provide exceptions for dividends on newly issued preferred stock, perhaps with any exceptions limited to some transition period following conservatorship?

A: See 1) in Dividend and Payout Restrictions on page 5. Yes, this show of good faith will make conducting the large and necessary capital raise feasible.

Question 29

Q: Should the payout restrictions provide an exception for some limited dividends on common stock over some transition period?

A: See 1) in Dividend and Payout Restrictions on page 5. Yes, this show of good faith will make conducting the large and necessary capital raise feasible.

Question 105

Q: Are the delayed compliance dates tailored in a manner to promote the ability of an Enterprise to achieve compliant regulatory capital levels?

A: See Release Under Consent Order – Capital Levels on page 3. Allowing sufficient time for the GSEs to build the necessary capital levels to achieve safety and soundness, as well as provide taxpayer protection, is a laudable goal. I believe the proposed compliance date delay until the later of one year after finalization of the capital rule and release from conservatorship is adequate.

However, there should be an incentive for the GSEs to build capital as quickly as possible due to the uncertainty over future events. As things stand, the GSEs could technically delay capital raises until just before the compliance delay period ends, putting the housing finance system and taxpayers at unnecessary risk in the meantime.

I recommend the inclusion of binding milestones in Section XIV ("Compliance Period") that require the GSEs to build capital at a steady rate up to the end of the compliance delay period, measured on a quarterly or monthly basis. Consequences for not doing so should, at the least, include the inability to make capital distributions even during a temporary exception to the payout restrictions.

Question 107

Q: In addition to the questions asked above, FHFA requests comments on any aspect of the proposed rule.

A: See the list in the summary below.

Summary

Here is a summary of this comment letter's recommendations:

- Make every effort to have the GSEs raise enough capital to meet the full LCR (Leverage Capital Requirement) by early 2021, subject to the stipulation that 75% of the LCR be composed of CET1-like capital (core capital minus non-cumulative preferred equity).
- Failing that, raise as much capital as possible and release the GSEs under consent order at that point, including language to deny the use of FHFA's authority under 12 USC 4616(b) during the compliance period.

- Answer Question 26 with a clear "no" and remove all language from the capital rule that is contrary to – or ambiguous with respect to – this answer.
- Urge Treasury to complete its part of the rehabilitation and release process as soon as possible, and in any case before January 2021.
- Do what is necessary to settle *Collins* before the Supreme Court issues a ruling.
- Settle all other cases so that investors have more certainty in their investment.
- Grant a 3-year exception to any payout restrictions and modify the payout restriction table as in Dividend and Payout Restrictions on page 5.
- Eliminate the stability capital buffer.
- Adjust all calculations of capital requirements based on peak cumulative losses by the GSEs to more accurately reflect events since the start of conservatorship.
- Strongly consider lowering the LCR of 2.5% of adjusted total assets. The recommended alternative is 2.5% of risk-weighted assets.
- Set the proportion of the PCCBA that must be comprised of CET1 capital to 75% instead of the 100% in the RCR.
- Eliminate the PLBA and instead use the PCCBA for both the risk-based and leverage capital requirements.
- Institute an additional requirement that the GSEs' core capital, for purposes of meeting the LCR, be composed of at least 75% CET1-like capital (core capital minus non-cumulative preferred equity) at all times, with payout restrictions as a consequence of failing to do so.
- Do not extend the comment period on the RCR.
- Most importantly, do these things *quickly*.

In closing, I would like to thank you once again for doing the heavy lifting that HERA requires of you rather than kicking the can down the road. While the weather is far from sunny at the moment, one can never tell what storm clouds lay just beyond the horizon. I urge you to turn a deaf ear to forces interested in the status quo that would have you cease or delay the process of recapitalization and release, and instead pursue it with all due urgency. Good luck and Godspeed.

Sincerely,

Kevin Thompson, midas79@gmx.com