

August 29, 2020.

Dr. Mark Calabria  
Director Federal Housing Finance Agency  
400 Seventh Street, SW  
Washington, DC 20219

Re: Notice of Proposed Rulemaking and Request for Comments- RIN2590-AA95

Dear Director Calabria:

Regarding my comments on the proposed new Capital Rule, my first comment is I believe FHFA should be more focused on releasing Fannie Mae and Freddie Mac from the 12 year Conservatorship rather than on proposing a Capital Rule that is so much more stringent compared to the regulations placed on the "Too Big To Fail" banks, many of which I believe would have failed were it not for the Government using Fannie and Freddie Mac, two PRIVATE COMPANIES, to bail out them out during the near banking meltdown in 2008. FHFA Management should be smart enough to recognize the type of business and risks both face are totally different from each other and if they can't perhaps we need to be proposing new management at FHFA versus new Capital Rules.

Based on the documents the courts have forced to be released, it is obvious to me Fannie Mae and Freddie Mac had no legal reason to be placed into Conservatorship in 2008. None of the conditions in HERA for placing them into Conservatorship existed at the time until it appears to me the Government forced them to cook the books and coerced the Board of Directors at the companies to resign. I do not believe coercion stands up in a court of law. I am still waiting to see the Board Meeting notes regarding the Board of Directors "agreeing" to allow the companies to be placed into Conservatorship and be taken over along with the other 11,000 documents the Government has been legally required to turn over but it seems to me has been hiding. Were this someone other than the Government, I believe people would be in jail right now for fraud and theft.

Congress sure can't ever act to end this Conservatorship. They only do what is best for themselves personally or for their party, forget about their constituents and the citizens of the United States. Once someone gets to Congress they believe they are God's gift to the world. Most of them do not understand finance, what Fannie and Freddie do or how they function within the housing market. Most of them still even believe the false narrative that Fannie Mae and Freddie Mac were in financial trouble and needed loans from the Government in order to survive in 2008. But of course, FHFA doesn't even need Congress to end Conservatorship. FHFA could legally do it on their own right now.

Regarding the Capital Rule and amount necessary to hold to ensure the companies are adequately capitalized to withstand any economic downturn, I believe the following issues should be taken into consideration:

- Exorbitant capital requirements will make it extremely difficult if not impossible to attract future investors and will have a direct impact on the future ability of homeowners of all socioeconomic levels to realize their American Dream of purchasing a home.
- Fannie Mae and Freddie Mac are two of the most profitable companies in America. If the Net Worth Sweep wasn't ongoing each quarter, this would be so blatantly obvious to all. But the Net Worth Sweep is another story.
- Settlement monies from all legal suits the Government collected from banks related to the "questionable" activities banks took at Fannie Mae and Freddie Mac's expense. What is the total amount and what happened to that money. These amounts are never talked about in regards to the amounts the Government "loaned" Fannie Mae and Freddie Mac and has since recouped and I believe the money from these settlements should be returned to Fannie Mae and Freddie Mac as these companies were the ones harmed. This would certainly help with recapitalization of the companies.
- 10 percent interest payment back to Fannie and Freddie on any amounts paid to the Government over and above the amount actually "borrowed". If the 10 percent interest rate was good enough to charge Fannie Mae and Freddie Mac, then 10 percent is good enough for the Government to reimburse Fannie Mae and Freddie Mac. We will just overlook the fact this seemed to be a usury amount of interest at the time.
- Restore Fannie Mae and Freddie Mac to a different Stock Exchange. Since the Government has warrants for 79.9 percent of Fannie Mae and Freddie Mac (whether the warrants are legal or not or will ever be exercised is another question), one would think the Government would be interested in maximizing their return should the warrants be exercised in the future. Yet the Government allows the stocks of these two highly profitable companies to trade on the over-the-counter exchange where it is obvious there is illegal naked shorting and manipulation occurring on a daily basis. Moving these companies to a different exchange where this manipulation could not occur would surely increase the Government's return, should these questionable warrants ever be exercised and would actually fall in line with the FHFA's DUTY as a Conservator to Preserve and Conserve. This would also certainly make it easier and more palatable to raise private money in the future in order to be able to allow the companies to exit Conservatorship. I am amazed that a share of each of these companies currently sells for less than earnings per share per quarter. Can you say manipulation?
- Actually following the law with respect to Conservatorship and HERA.
- Cancelling the Senior Preferred Shares.

- The fact the Government has been squandering Fannie Mae and Freddie Mac's money defending what I believe is an obvious indefensible illegal 5<sup>th</sup> amendment Government taking of Shareholder's property. I have been an owner of Fannie Mae pre-Conservatorship. Years ago I planned to utilize earnings from my ownership of Fannie Mae to help pay for my child's college expense so she too could prosper and enjoy the American Dream. She is in college now and that has not occurred. I worry about how I am going to be able to finish paying for her education, a worry I did not envision prior to Conservatorship beginning over a decade ago and this DOES affect my retirement plans. This has impacted my quality of life and decisions I have been forced to make. I should be retired now, but I am not.
- The fact that even with the burden of the Net Worth Sweep with literally all of the profits that should be have been kept within the companies in order to be prepared for a future financial downturn being expropriated and sent to the Government, Fannie Mae and Freddie Mac are still profitable and performing the role they were chartered to do so many decades ago, enabling people to purchase and own their own home and piece of the American Dream. Hats off to the fine management teams at both of these companies, they are obviously well run and know what they are doing. FHFA is so very fortunate they don't have to spend all their time and energy fighting crisis after crisis at these two fine companies, that they are more than capable of being successful without too much assistance from the FHFA.

I appreciate the opportunity to share my thoughts regarding the proposed Capital Rule and hope they will be taken into consideration going forward as the next step is undertaken.

Sincerely,

David Weary  
Fannie Mae Shareholder