October 21, 2021.

Ms Sandra L. Thompson
FHFA Acting Director
400 Seventh Street,
SW Washington, DC 20219

Re: Notice of Proposed Rulemaking and Request for Comments – RIN 2590-AB17

Dear Ms Thompson:

We are both retirees who hold Fannie Mae and Freddie Mac common and preferred shares. Our first purchase of commons was after OFHEO Director James B. Lockhart's and Treasury Secretary Hank Paulson's public statements that both corporations were adequately capitalized, and before they were put in conservatorship. (See exhibits 1 and 2.) Our reason for investing in these corporation was their historical, consistent payments of dividends and their historical, outstanding earnings record. We expected their dividends to be a major part of our retirement income.

Thank you for allowing us to express our opinion on the proposed Enterprise Regulatory Capital Framework. We applaud your recognition that the current capital requirement is out of touch with Fannie Mae's and Freddie Mac's actual needs. Both, not only survived the economic downturn caused by Covid, but thrived and grew stronger.

The 2019 and 2020 Dodd-Frank stress test results clearly indicate that their guarantee fee income stream should be considered when determining the prescribed leverage buffer amount. That would bring it much lower than the current proposal.

We also request that Fannie Mae and Freddie Mac move away from new Credit Risk Transfers (CRT). CRTs produce no economic benefit to these corporations. We would like to point out that as their Regulator and Conservator your duty is to ensure they follow sound business practices that make their balance sheets stronger. As long as Fannie Mae and Freddie Mac remain in conservatorship, they also remain a risk to the taxpayer. Once released, despite what the politicians say, the shareholders are in the first risk position. Remember that FHFA's operations are funded by Fannie Mae and Freddie Mac. Not by those who benefit by the issuance of CRTs. Politicians may forget their oath to the constitution and transfer it to those who fund their political campaigns. Your business decisions should be based on reason FHFA was created and not to appease politicians.

Your predecessor, Mark Calabria solicited comments from the public and then ignored them which has led to, among other things, an unfortunate exodus of talent. We hope you avoid his missteps. Some of the advice we gave him still holds true:

Fannie Mae and Freddie Mac have consistently been among the most productive corporations in the country (exhibit 3). As part owners of these corporations, we believe these employees should be rewarded and retained. The payout restrictions should not apply to them when they continue to be productive. Without good employees, there will be no profits to build the CET1 capital.

We are currently in an environment of low, zero and even negative interest rates in the most advanced countries. A 4% coupon cumulative preferred shares would be very attractive to domestic and international investors. We believe these dividends should be paid every quarter the corporations make profit, and accrued for later payments in quarters they do not, once the corporations cross their CET1 capital requirement.

Some have suggested converting the legacy preferred shares to common. We see no additional capital being added to the corporations by this conversion. It might just lead to additional lawsuits being filed by current common shareholders. We strongly recommend FHFA ignore requests for such conversion.

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We are long time investors and would rather see our corporations fully capitalized than receive immediate dividends on our common shares. We believe this would apply to those who invest in the newly issued common shares. During the 9-year period 2012 through 2020 these two corporations reported over $303 billion in profits, after taxes. If their CONSERVATOR does not send their profits to Treasury, it won't be long before the new investors can participate in the handsome dividends.

This leads us to concerns prospective investors, who do due diligence, would have. At their then Regulator's behest, Fannie Mae and Freddie Mac raised capital in 2007 and 2008. Despite being given a clean bill of financial health by their Regulator and the Secretary of Treasury, both were put in conservatorship. President George Bush and Secretary Hank Paulson used almost identical words in describing the reason for conservatorship, "…providing stability to financial markets, supporting the availability of mortgage finance, and protecting the taxpayers" (exhibit 4). Potential investors would like to know why a "temporary" conservatorship has lasted over 13 years. They would also wonder what would prevent the FHFA from signing another agreement with Treasury and sending all the newly raised capital as a Net Worth Sweep to the Treasury? FHFA already did that with most of the $303 billion they earned since 2012 and the capital raised in 2007 and 2008.

We are enclosing as exhibit 5, a letter on this subject, from one of the few honest politicians alive.

The only way to appease potential investors is to follow the law and be fair to legacy investors. The 2008 financial crisis is over. Taxpayers have been overpaid for their investment. Fannie Mae's and Freddie Mac's CONSERVATOR can make the job of their REGULATOR very easy if she and the Treasury Secretary sign an amendment:

1) cancelling the Senior Preferred Shares,
2) cancelling the Liquidation Preference,
3) cancelling the Warrants,
4) returning the overpayment to the corporations,
5) and, of course, ending the 13-year "temporary" conservatorship.

If these steps are taken, their REGULATOR should have no problem in getting them fully capitalized.

We can be reached at gdacostap@yahoo.com if you have any questions.

Sincerely,

Guido da Costa Pereira   Maria da Costa Pereira

Guido da Costa Pereira
SHAREHOLDER FANNIE MAE
& FREDDIE MAC

Maria da Costa Pereira
SHAREHOLDER FANNIE MAE
& FREDDIE MAC

EXHIBITS:

1) https://www.fhfa.gov/Media/PublicAffairs/Pages/Statement-of-OFHEO-Director-James-B-Lockhart-in-Support-of-Secretary-Paulson,-Administration-and-the-Federal-Reserve-in-T.aspx
2) https://www.marketwatch.com/story/paulson-fannie-and-freddie-are-adequately-capitalized
3) https://www.visualcapitalist.com/the-20-most-and-least-profitable-companies-per-employee/
4) https://www.treasury.gov/press-center/press-releases/Pages/hp1129.aspx
5) https://nader.org/wp-content/uploads/2013/05/lew-5-18-13-11.pdf