

September 7, 2010

Dear Mr. Pollard:

I am writing to express strong objection to the recently proposed regulation of the Federal Housing Finance Agency concerning the Conservatorship and Receivership of Fannie Mae and Freddie Mac.

Our company has been long term investors in the debentures and preferred stock security classes for both of the agencies. We have historically derived confidence in these investments from the vital economic role both agencies hold in the mortgage finance markets, and from the endorsement provided by the U.S. Government including the presumption of rule of sound investment securities law. We believe the Proposed Regulation RIN 2590-AA23 further erodes our ability as professional investors to rely upon the contractual promises and priorities laid out in the preferred securities indentures and in legal rights established by the judicial branch of our Government. Both elements are critical to establish and maintain a sound and trustworthy basis for the free flow of capital in a market economy. By circumventing established laws and principles the proposed regulation seems self-seeking and arbitrary in its treatment of claims on both Freddie Mac and Fannie Mae assets. It does not seem to be in the best interests of the U.S. Government and its supporting taxpayers to diminish or damage agency access to the public investment markets through loss of confidence in the rule of law.

The implementation of the Proposed Regulation will deprive select stakeholders from the potential recovery they would otherwise be entitled to from an orderly wind down of the Freddie Mac or Fannie Mae. Both entities have been utilized for the past two years to achieve public policy objectives at the expense of previous stakeholders. Our Government's own actions have validated the importance of both agencies' fundamental economic role. The utilization of these entities to fulfill a pure public policy initiative results in the unjust taking of personal property.

We strongly object to, and respectfully request that the FHA withdraw Proposed Regulation RIN 2590-AA23.

Sincerely,



David D. Shumway
Senior Vice President and Chief Investment Officer
Arrowood Indemnity Company
3600 ARCO Corporate Drive
Charlotte, North Carolina 28273