



October 5, 1999

MEMORANDUM TO: File

FROM: Marvin L. Shaw
Senior Counsel

SUBJECT: Freddie Mac Preliminary Comments on OFHEO's Proposed
Approach to Projecting Non-Treasury Interest Rates

On September 24, 1999, representatives from Freddie Mac made a presentation to representatives of the Office of Federal Housing Enterprise Oversight (OFHEO) about an alternative method to projecting non-treasury interest rates in the proposed risk-based capital regulation. A list of attendees is attached.

Freddie Mac provided the following materials that are also attached:

- An agenda (one page)
- A summary (one page)
- Tables and Figures (nine pages)
- Preliminary comments dated September 24, 1999 (35 pages)
- Letter from Edward Golding to Anne Dewey dated October 1, 1999 (1 page)
- Preliminary comments dated October 1, 1999 (32 pages)

The two sets of preliminary comments are essentially the same. Aside from minor organizational changes, the October 1 comments sets forth a different example on page 22 with respect to the standard deviation.

The meeting began with comments from Freddie Mac's Maud Mater and John Gibbons and then a detailed presentation by Edward Golding and Gary Teselle. Their comments are set forth in the attached materials.

Freddie Mac responded to questions from OFHEO about Freddie Mac's recommendation to use a two-year moving average to project non-treasury interest rates instead of the 19 ARIMA models. These responses included no statements or recommendations beyond those covered in the written comment.

Attachments (6)

Attendees List

Attendees from Freddie Mac included:

John Gibbons – Executive Vice President and Chief Financial Officer
Maud Mater – Executive Vice President, General Counsel and Secretary
Edward Golding – Vice President, Financial Research
Donald Solberg – Vice President, Capital Strategy Management
Carol Wambeke – Principal Economist
Devajyoti “Doc” Ghose – Director – Risk Analysis
Garrett “Gary” TeSelle, Senior Economist
Bruce Oliver – Associate General Counsel
Martha Ellet – Senior Counsel
Matthew McGuire – Senior Counsel

Attendees from OFHEO included:

Mark Kinsey – Acting Director
Anne Dewey – General Counsel
Patrick Lawler – Chief Economist
David Pearl – Director of Research, Analysis Capital Standards (RACS)
Jamie Schwing – Executive Assistant
Eric Bruskin – Manager Economic Research
Geoff Webb - Expert (RACS)
Duane Creel – Senior Financial Research Specialist
Nancy Hunt – Senior Policy Analyst
Judith Naiman – Senior Policy Analyst
David Felt – Associate General Counsel
Marvin Shaw – Senior Counsel
Matthew Young – Legislative Advisor

MLS/cab 99-R-1557

File: Regulations/General - Public Rulemaking Files

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