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July 24, 2002

Alfred M. Pollard, Esquire
Office of General Counsel
Office of Federal Housing Enterprise Oversight
1700 G St., N.W.
Fourth Floor
Washington, D.C. 20552

BY ELECTRONIC MAIL

Dear Mr. Pollard:

On behalf of the Mortgage Bankers Association of America ("MBA"), I am writing to convey our comments on OFHEO's proposed rulemaking, published on June 21, in the *Federal Register*, for a safety and soundness regulation. As the industry association representing the primary customers and business partners of Fannie Mae and Freddie Mac, we are keenly interested in OFHEO's handling of its function as the regulator of these large and important financial institutions.

The purpose of the regulation is to delineate clearly your supervisory standards in light of certain Supreme Court decisions. MBA supports your decision to do so. The proposed rule specifies actions that OFHEO could take upon a finding that Fannie Mae or Freddie Mac has failed to meet specified requirements or standards. All of the steps ranging from the requirement of a written compliance plan through the additional supervisory actions, such as initiation of an action to cease certain conduct, appear to be reasonable and within the bounds of prudent regulatory practice.

MBA believes that effective regulation of Fannie Mae and Freddie Mac is critical to their financial health and to their mission of assuring the availability of capital for housing through their activities in the secondary mortgage market. We see your issuance of the proposed rule discussed here as another example of the intention of OFHEO to undertake its responsibility in a thorough manner.

Please call me at 202/557-2867 or Kathy Gibbons at 202/557-2870, if we can be of assistance.

Sincerely,

Kurt Pfothenauer
Senior Vice President