

Press Release



Understanding the Proposed Capital Requirements for Fannie Mae and Freddie Mac

ALLISON EDWARDS | MAY 21, 2020

The Federal Housing Finance Agency recently released its updated proposal for regulating the housing finance giants Fannie Mae and Freddie Mac. In a new analysis, AAF's Director of Financial Services Policy Thomas Wade examines the new rule. While the rule would still only apply if the two government-sponsored enterprises leave federal conservatorship, changes over the last year within Fannie and Freddie make that outcome more likely, Wade writes.

His central points:

- The 2020 proposed rule would require Fannie and Freddie to hold a combined \$244 billion in capital, far higher than the combined \$23.5 billion they currently hold, and would add a significant number of additional capital buffers borrowed liberally from banking regulation.
- The rule remains predicated on a hypothetical, but the \$244 billion should be considered the minimum the FHFA views as required prior to the government-sponsored enterprises exiting conservatorship.

[Read the analysis.](#)