CENTER FOR REGULATORY ANALYSIS AND ENGAGEMENT

A Project of the Main Street Foundation

M E M O R A N D U M

To: Hon. Bill Pulte, Director, Federal Housing Finance Agency

From: Andrew Langer, President, Main Street Foundation

Date: August 12, 2026

Re: Comments on the Federal Housing Finance Agency Notice of Proposed Rulemaking, "Federal Home Loan Bank New Business Activities," Document ID FHFA-2026-0366-0001, RIN 2590-AB52, Published July 13, 2026

Below are comments of the Main Street Foundation's Center for Regulatory Analysis and Engagement (CRAE) in response to the Federal Housing Finance Agency Notice of Proposed Rulemaking, "Federal Home Loan Bank New Business Activities," Document ID FHFA-2026-0366-0001, RIN 2590-AB52, published July 13, 2026.

CRAE is a project of the Main Street Foundation, a recently-formed non-profit, non-partisan 501(c)(3) research and education foundation. Our mission is to bring a disciplined, common-sense perspective to the regulatory process, one grounded in real-world experience, sound science, and rigorous economic analysis. We work to ensure that the costs, risks, and benefits of regulatory proposals are evaluated transparently and accurately, and that the voices, interests, and freedoms of Americans, particularly small businesses and working families, are meaningfully represented in regulatory debates. Above all, we focus on outcomes: regulations should address real problems, function effectively in practice, and improve conditions on the ground—not exacerbate the challenges they are intended to solve.

INTRODUCTION

The Center for Regulatory Analysis and Engagement ("CRAE"), a project of the Main Street Foundation, appreciates the opportunity to comment on FHFA's review of the Federal Home Loan Bank New Business Activities regulation. CRAE supports repealing 12 CFR Part 1272. FHFA has a legitimate responsibility to oversee new Bank products and activities that may present material or unfamiliar risks. Effective prudential oversight, however, does not require preserving every procedural layer when accumulated experience demonstrates that other supervisory mechanisms can perform the same function more efficiently.

Part 1272's predecessor was adopted more than 25 years ago following statutory changes that expanded the collateral Banks could accept and the activities they could undertake. A formal notice-and-approval process was understandable when both the Banks and their regulator had limited experience managing the resulting risks. Circumstances have since changed substantially. The Banks have developed greater operational and risk-management capabilities, while FHFA has acquired extensive supervisory knowledge. Regulations should be reconsidered when experience demonstrates that their original function has become duplicative, unnecessarily prescriptive, or no longer commensurate with their costs.

The administrative record supports FHFA's reassessment. During the past five years, the Banks submitted only two New Business Activity Notices, and FHFA determined in both cases that the respective Bank could manage the proposed risks. FHFA has rejected no notice during the past decade on the ground that a submitting Bank could not manage an activity's risk. Although low filing volume alone does not establish that a regulation is unnecessary, this experience indicates that the formal process imposes procedural costs without materially changing supervisory outcomes.

Repeal would not leave new Bank activities beyond FHFA's view. Banks generally engage the Agency while developing significant products or activities, often before a formal notice would be submitted. FHFA would also retain its examination, monitoring, information-gathering, supervisory, corrective, and enforcement authorities. Those tools allow the Agency to identify and address unsafe, unsound, unauthorized, or poorly managed activities as their risks emerge. The proposal would remove a prescribed notice-and-approval mechanism rather than eliminate prudential oversight or relieve Bank boards and management of responsibility for sound risk management.

Regulatory delay and uncertainty can discourage development even when few projects ultimately reach formal submission. Banks may modify, postpone, or abandon useful activities because the anticipated procedural burden outweighs their expected benefit. That unseen deterrence matters because the FHLBanks provide liquidity to member institutions and support housing and community-development objectives across diverse regional markets. Unnecessary process is particularly costly when housing remains unaffordable, local financing needs continue to evolve, and communities could benefit from responsible new products addressing housing production, rehabilitation, liquidity, and community investment.

CRAE therefore urges FHFA to finalize the repeal while providing clear transition guidance for pending activities and future supervisory engagement. The Agency should explain how Banks are expected to communicate regarding materially significant new activities and apply those expectations consistently. Post-repeal supervision should remain risk-based and proportionate without reconstructing Part 1272 through informal preclearance or equivalent documentation demands. FHFA should also conduct a defined retrospective evaluation addressing innovation, development costs, mission performance, administrative efficiency, and safety-and-soundness outcomes.

EXECUTIVE SUMMARY

FHFA's proposed repeal of Part 1272 represents sound retrospective regulation. Rather than assuming that a longstanding requirement remains necessary, the Agency has examined how the rule operates in practice and whether it continues to provide benefits commensurate with its burdens. That record suggests that the prescribed New Business Activity Notice and approval process now largely duplicates substantive engagement occurring through ordinary supervision. Repeal would appropriately align the regulatory framework with more than two decades of accumulated Bank experience and FHFA oversight.

CRAE supports complete repeal of Part 1272. New products and activities presenting genuinely material and unfamiliar risks should continue to receive appropriate FHFA attention. A uniform preapproval process, however, is not the only means of providing such oversight. Examinations, ongoing monitoring, targeted information requests, voluntary early engagement, and FHFA's existing supervisory and enforcement authority offer more flexible and proportionate tools. These mechanisms can concentrate Agency resources on consequential risks while preserving the responsibility of Bank boards and management for authorized business decisions and prudent risk management.

Our comments address the following:

- **Part 1272 arose in a different regulatory environment.**
  The original rule responded to newly authorized collateral and activities that the Banks and their regulator had limited experience evaluating and managing.
- **Subsequent experience has reduced the rule's marginal value.**
  The Banks and FHFA now possess greater institutional knowledge, operational capability, risk-management capacity, and supervisory experience involving a wider range of products and collateral.
- **The formal process is rarely used.**
  Only two New Business Activity Notices were submitted during the past five years, and FHFA determined in both cases that the submitting Bank could manage the proposed risks.
- **FHFA has rejected no notice during the past decade.**
  That record suggests that the formal approval layer has not materially changed outcomes beyond those produced through earlier consultation and ordinary supervision.
- **Low filing volume does not mean the rule is costless.**
  Banks may modify, delay, or abandon potentially useful activities because anticipated documentation, review, uncertainty, or delay makes development less attractive.
- **Ordinary supervision will remain available.**
  Repeal will not eliminate FHFA's examination, monitoring, information-gathering, supervisory, corrective, or enforcement authority over the Banks and their activities.
- **Early engagement should remain useful but not become an unwritten mandate.**
  FHFA should facilitate productive consultation while avoiding informal expectations that reconstruct the repealed notice, documentation, and approval process without transparent legal requirements.
- **Risk-based oversight is preferable to uniform process.**
  New activities should receive scrutiny proportionate to their novelty, complexity, scale, potential exposure, and relationship to risks the Bank already manages.
- **Innovation may advance the Banks' statutory missions.**
  Greater flexibility may support responsible products addressing member liquidity, housing affordability, community development, rehabilitation, production, and changing regional financing needs.
- **FHFA should measure post-repeal results.**
  The Agency should evaluate innovation, development time, administrative and

compliance costs, member use, mission outcomes, supervisory intervention, and safety-and-soundness effects.

Changed circumstances and accumulated administrative experience provide a sufficient basis for repeal. Targeted and continuing supervision can protect safety and soundness more effectively than a rigid process that is rarely triggered and often follows substantive engagement already underway. FHFA should therefore finalize the proposal while ensuring that formal requirements are not replaced by opaque informal barriers. Transparent, risk-based oversight will preserve prudential protection while improving accountability, flexibility, and the capacity of the Banks to respond to legitimate member and community needs.

I. PART 1272 WAS ADOPTED TO ADDRESS RISKS THAT HAVE MATERIALLY CHANGED

The predecessor to Part 1272 followed enactment of the Federal Home Loan Bank System Modernization Act of 1999. Among other changes, that legislation expanded the types of collateral the Banks could accept and broadened the activities available to them. In that environment, the regulator reasonably sought advance notice and review of activities presenting risks the Banks had not previously managed. The New Business Activities framework therefore responded to a particular transitional concern: ensuring that newly authorized powers did not outpace the Banks' capacity to identify, measure, and control unfamiliar risks.

More than 25 years of operating and supervisory experience have materially changed those circumstances. The Banks have developed systems, personnel, expertise, internal controls, and risk-management practices involving a broader range of products, services, collateral, counterparties, and market conditions. FHFA has likewise accumulated institutional knowledge through examinations, monitoring, supervisory engagement, and review of Bank operations. This experience does not eliminate the possibility that a new activity may present material risk. It does, however, reduce the need for a separate regulatory process designed for a system adapting to newly expanded statutory authority.

FHFA's 2016 revision of Part 1272 already reflected this evolution. The Agency narrowed the rule so that it generally applies only to an activity entailing material risks a Bank has not previously managed, while eliminating notice requirements for activities within established areas of competence. That change recognized that the original concerns had diminished as the Banks and FHFA gained experience. The proposed repeal logically continues the same evidence-based reassessment: where ordinary supervisory processes now address the remaining risks effectively, retaining a separate formal notice-and-approval framework adds little prudential value.

II. ADMINISTRATIVE EXPERIENCE INDICATES THAT THE FORMAL PROCESS ADDS LITTLE SUPERVISORY VALUE

Actual use of the New Business Activities process has been exceedingly limited. During the past five years, the Banks submitted only two New Business Activity Notices. In each instance, FHFA determined that the submitting Bank was capable of managing the risks associated with the proposed activity. More broadly, FHFA has not rejected a notice during the past decade because the proposed risk was unmanageable. This record provides little indication that formal notice and approval have prevented activities that otherwise would have exposed a Bank to unacceptable prudential danger.

Low use alone does not establish that a regulation is unnecessary. A rarely invoked requirement may deter harmful conduct, establish useful expectations, or provide protection when unusual circumstances arise. Here, however, the filing record must be considered alongside the Banks' early engagement with FHFA, ongoing examinations and monitoring, accumulated risk-management experience, and the absence of materially different outcomes produced through formal review. Taken together, these considerations support FHFA's conclusion that the prescribed process now provides little marginal value beyond the oversight occurring through other channels.

Banks commonly consult FHFA while developing significant new products or activities and before a formal notice would be submitted. Such engagement allows Bank management and Agency personnel to identify statutory, policy, operational, and safety-and-soundness questions during product development. By the time an activity reaches the formal submission stage, the principal risks may already have been presented, evaluated, mitigated, or otherwise addressed. The prescribed notice-and-approval process can therefore require the Banks and FHFA to document and repeat analysis substantially completed through ordinary supervisory engagement.

Uniform procedural requirements also consume Agency resources without necessarily accounting for an activity's complexity or the amount of unresolved risk. A prescribed process may require similar administrative steps even when FHFA already understands the relevant risk and the Bank has demonstrated an ability to manage it. Repeal would permit FHFA personnel to concentrate attention on activities presenting the greatest novelty, scale, exposure, or prudential significance. Allocating supervisory resources according to actual risk can strengthen oversight while reducing duplicative documentation, delay, and administrative effort.

III. RARELY USED REGULATIONS CAN STILL IMPOSE MEANINGFUL COSTS

The limited use of Part 1272 does not make compliance with it costless. Preparing a New Business Activity Notice may require legal analysis, internal coordination, risk documentation, management review, communication with FHFA, and time awaiting a regulatory determination. These demands can delay implementation and consume resources even when an activity ultimately receives approval. The submission of only two notices during the past five years makes precise aggregate estimates difficult. That evidentiary limitation warrants care in quantification, but it does not justify treating the direct costs of compliance as zero.

Filing totals also capture only activities that proceed far enough to generate a formal notice. They do not reveal products or services that Banks modify, postpone, or abandon because anticipated documentation, review time, or uncertainty reduces the expected value of proceeding. An activity deterred before submission produces no paperwork burden visible in agency statistics, yet the forgone opportunity may still matter to Bank members, housing markets, or communities. Retrospective review should therefore consider behavioral effects and unrealized innovation alongside the measurable cost of completed filings.

Procedural burdens may also operate as fixed costs that weigh disproportionately on smaller or less complex initiatives. A potentially useful product need not involve sufficient volume or expected return to justify an elaborate approval process, substantial legal review, or an uncertain implementation timeline. Uniform procedures can consequently skew development toward larger projects capable of absorbing compliance costs while discouraging limited pilots, regional responses, or incremental improvements. This distortion may occur even when a smaller activity presents less risk and could provide meaningful benefits to particular members or communities.

The relevant burden also includes opportunity costs. Bank personnel devoted to duplicative preparation and documentation are unavailable for risk management, member service, housing programs, community-development initiatives, and other mission-related work. FHFA staff performing repetitive review cannot devote the same time to examinations, monitoring, or activities presenting greater prudential significance. Costs therefore include delayed decisions and displaced priorities, not merely hours spent completing forms. Repeal can improve the allocation of public and private resources by directing attention toward substantive risk rather than unnecessary procedure.

IV. FHFA RETAINS AMPLE AUTHORITY TO ADDRESS MATERIAL NEW RISKS

Repeal of Part 1272 would not eliminate FHFA's general regulatory and supervisory jurisdiction over the Federal Home Loan Banks. The Agency would retain its examination, monitoring, information-gathering, corrective, and enforcement authorities, together with its responsibility to ensure that Bank activities remain authorized and prudently managed. Activities that are unsafe, unsound, inconsistent with governing law, or beyond a Bank's statutory authority would remain subject to intervention. Repeal would remove one prescribed preapproval mechanism, not FHFA's ability to identify and address material new risks.

The Banks also have strong incentives to consult FHFA while developing significant new products and activities. Early engagement can reveal legal, policy, operational, or prudential concerns before a Bank commits substantial resources to implementation. It can also permit FHFA and Bank personnel to consider modifications or safeguards while a proposal remains flexible. Cooperative consultation during development may therefore resolve concerns sooner and more efficiently than a formal notice submitted after extensive work has occurred. This incentive will persist because Banks benefit from avoiding investments likely to encounter later supervisory objections.

FHFA can identify new and changing activities through regular examinations, ongoing monitoring, supervisory communications, financial reporting, targeted information requests, and engagement with Bank boards and management. These mechanisms allow the Agency to evaluate risk as an activity develops, expands, or responds to changing market conditions. They may also reveal problems that a one-time approval process could not anticipate. Formal preapproval is therefore not the only means of effective oversight, nor does approval at inception eliminate the need for continuing supervision as an activity's scale, performance, and risk profile evolve.

Finally, each Bank bears responsibility to its members and operates within statutory, capital, collateral, mission, and safety-and-soundness constraints. Bank boards and management have economic, fiduciary, and governance incentives to evaluate new activities carefully, preserve institutional resources, and avoid risks that could impair performance or expose members to unnecessary costs. These incentives do not replace independent FHFA oversight, and the Agency should intervene when circumstances warrant. They do, however, reinforce the conclusion that responsible risk management does not require a separate, uniform federal approval process for new business activities.

V. POST-REPEAL SUPERVISION SHOULD BE RISK-BASED AND PROPORTIONATE

New business activities can differ substantially in novelty, complexity, scale, reversibility, and prudential significance. An activity resembling a product already offered by another Bank or involving risks a Bank routinely manages should not necessarily receive the same treatment as one presenting genuinely unfamiliar exposures. Nor should every departure from existing practice trigger an identical supervisory response merely because the activity is new. FHFA's oversight should instead reflect the proposal's actual characteristics and the submitting Bank's demonstrated capacity to identify, monitor, control, and mitigate the relevant risks.

Relevant considerations may include the activity's novelty, relationship to risks already managed, initial scale, and expected growth. FHFA should also consider capital and liquidity implications; credit, market, operational, legal, and compliance exposure; concentration and counterparty risk; and potential effects on members and mission performance. Reversibility, available mitigations, and possible consequences across the FHLBank System may further inform the appropriate degree of scrutiny. These factors should guide a practical risk assessment rather than become a standardized checklist recreating the procedural rigidity of Part 1272.

FHFA can employ graduated forms of engagement according to the activity's risk. Routine or familiar activities may require only ordinary monitoring, while proposals involving greater novelty or exposure may warrant enhanced consultation, targeted information requests, more frequent reporting, or focused examination attention. The most intensive scrutiny should be reserved for activities presenting materially significant or genuinely unfamiliar risks. This approach would allow FHFA to escalate its involvement when circumstances warrant without imposing a uniform submission and review process merely because a Bank proposes something it has not previously offered.

Bank boards and management must remain responsible for determining whether an activity is legally authorized, mission-consistent, economically justified, and prudently managed. FHFA should supervise compliance and safety and soundness rather than become the routine manager of product development or substitute its business judgment for that of accountable institutional decision-makers. A clear allocation of responsibility improves accountability: Banks remain answerable for their choices and risk controls, while FHFA remains responsible for identifying violations and material prudential deficiencies and requiring corrective action where necessary.

Finally, repeal will accomplish little if Banks must satisfy substantially the same notice, documentation, and approval expectations through informal channels. Consultation should remain genuinely risk-based and directed toward matters warranting supervisory attention, rather than becoming an unwritten precondition for every new activity. FHFA should distinguish clearly among voluntary consultation, targeted supervisory engagement, and any legally required submission. Informal expectations should not operate as de facto preclearance or recreate Part 1272 without the transparency, accountability, and procedural protections associated with formal rulemaking.

VI. REPEAL MAY SUPPORT INNOVATION SERVING HOUSING AND COMMUNITY-DEVELOPMENT NEEDS

The Federal Home Loan Banks provide liquidity to member institutions and support statutory housing and community-development objectives. New products and services can help the Banks respond to changing financial markets, emerging technologies, evolving member needs, and differing local conditions. Such adaptation is especially important when traditional financing mechanisms do not adequately reach particular borrowers, projects, or communities. Regulation should not discourage authorized and mission-consistent innovation unless the resulting prudential benefit justifies the associated delay, uncertainty, and resource costs.

Housing affordability reflects persistent and interconnected challenges involving supply, financing, land, construction, rehabilitation, infrastructure, and development. Repeal of Part 1272 will not resolve those problems or ensure that every new Bank activity produces more affordable housing. It may nevertheless remove one procedural impediment to products supporting housing production, preservation, rehabilitation, community investment, and access to liquidity. At a time of severe affordability pressures, FHFA should avoid retaining a duplicative process that may discourage potentially useful financing tools without providing a commensurate safety-and-soundness benefit.

Community banks, credit unions, insurance companies, and other FHLBank members serve markets whose needs differ substantially across regions and economic cycles. A product addressing rural housing, smaller multifamily projects, disaster recovery, or local development may have limited relevance elsewhere but substantial value within a particular district. Greater flexibility could allow the Banks to develop and test responses suited to those conditions. Central supervision should accommodate responsible experimentation and regional variation rather than require every potential solution to proceed through a uniform process designed for systemwide novelty.

Innovation is not inherently beneficial, and novelty should never excuse activities that are unauthorized, inconsistent with the Banks' missions, economically unsound, or imprudently managed. Bank boards and management must evaluate expected benefits, costs, exposures, controls, and alternatives, while FHFA must intervene when new activities present material risks or exceed lawful authority. The proper response to innovation risk is proportionate, evidence-based supervision directed toward the particular danger involved. It is not retention of a duplicative approval process whose marginal prudential value has diminished substantially with experience.

VII. FHFA SHOULD PROVIDE CLEAR TRANSITION AND IMPLEMENTATION GUIDANCE

FHFA should explain how repeal will affect any New Business Activity Notice, consultation, proposed activity, approval, condition, or restriction pending or operative on the rule's effective date. Banks should know whether incomplete proceedings will terminate, continue under prior procedures, or transition to ordinary supervision. The Agency should also clarify whether existing approvals and activity-specific conditions remain effective and, if so, under what authority and for what duration. Clear transition rules will prevent unnecessary delay, duplicative submissions, and uncertainty regarding activities already developed in reliance on the existing framework.

FHFA should provide concise guidance identifying circumstances in which it expects a Bank to furnish information about a materially significant new activity. Those expectations should focus on risk characteristics—such as novelty, scale, unfamiliar exposure, capital or liquidity implications, and potential systemwide effects—rather than formal labels or the mere fact that an activity is new. Banks should be able to distinguish routine supervisory communication from circumstances warranting more substantial engagement. Transparent, consistently applied expectations will facilitate timely consultation without imposing a uniform process on activities presenting materially different risks.

Implementation materials should not recreate Part 1272 through guidance, examination expectations, standardized documentation demands, or an informal approval convention. Any information request should rest on FHFA's existing statutory and supervisory authority and bear a reasonable relationship to the risk under review. Requirements that operate as material prerequisites to commencing a new activity should remain transparent, legally grounded, and subject to applicable procedural protections. Repeal should produce a genuine reduction in unnecessary process rather than transfer substantially identical obligations from the Code of Federal Regulations into less visible supervisory channels.

Finally, FHFA should coordinate implementation among examination teams and across the Federal Home Loan Banks. Similar activities presenting comparable risks should receive comparable treatment, regardless of the Bank proposing them or the personnel conducting the review. Institutional, regional, or activity-specific differences may justify different supervisory responses, but those distinctions should be identifiable and relevant to authorization, mission, exposure, or safety and soundness. Centralized guidance, training, and quality control during the transition could promote consistency while preserving appropriate risk-based judgment.

VIII. FHFA SHOULD EVALUATE THE RESULTS OF REPEAL

FHFA should commit to a defined retrospective review after sufficient post-repeal experience has accumulated, potentially three years after the final rule takes effect. That review should determine whether repeal reduced unnecessary procedure, delay, and resource expenditures while preserving effective supervision of material new risks. Neither a rise nor a decline in the number of new activities would, standing alone, establish success or failure. FHFA should evaluate the quality of supervisory oversight and the actual consequences of the change rather than relying on activity volume as a proxy for regulatory performance.

Relevant measures could include the number and type of new activities developed, development and implementation timelines, and the frequency and intensity of FHFA engagement. The Agency could also assess Bank and FHFA resource expenditures, activities modified or abandoned, member participation and use, and resulting housing or community-development outcomes. Prudential measures should include losses, control failures, operational incidents, and corrective supervisory actions associated with new activities. Differences across Banks and examination teams may also reveal whether post-repeal expectations are being applied consistently or have created unintended informal barriers.

The review should determine whether repeal enabled useful products addressing member liquidity, housing, or community-development needs. Introduction of a product should not itself count as a successful outcome. FHFA should examine actual participation, utilization, durability, costs, and measurable benefits, including whether the activity addressed an unmet need. The

Agency should also consider whether new activities improved existing programs, duplicated available tools without added value, or displaced more effective alternatives. This outcome-oriented approach would help distinguish meaningful mission performance from innovation measured solely by the number of products launched.

FHFA should separately examine whether post-repeal activities produced unanticipated material risks or weakened the Agency's ability to identify and address them. That analysis should distinguish consequences attributable to repeal from ordinary business risk, poor execution, broader market conditions, or unrelated economic developments. If experience reveals particular gaps, FHFA should respond with targeted guidance, monitoring, information requests, or corrective measures directed toward the demonstrated problem. Isolated difficulties should not automatically become a rationale for reconstructing a uniform preapproval regime whose costs would again apply to activities presenting materially different risks.

CONCLUSION

CRAE appreciates FHFA's willingness to conduct a retrospective review of the Federal Home Loan Bank New Business Activities regulation. Regulations should not remain in force merely because they once addressed a legitimate concern. Agencies should determine whether experience, institutional development, and alternative supervisory mechanisms have reduced their continuing value. CRAE supports repealing Part 1272 while recognizing FHFA's continuing responsibility to oversee materially significant or unfamiliar risks and to ensure that new Bank activities remain authorized, mission-consistent, and prudently managed.

The administrative record supports the proposed repeal. Only two New Business Activity Notices were submitted during the past five years, and FHFA determined in both cases that the respective Bank could manage the proposed risks. The Agency has rejected no notice during the past decade because a Bank lacked the capacity to manage an activity's risk. Considered alongside early consultation, accumulated Bank experience, and continuing supervision, these facts indicate that the formal submission and approval process adds little marginal prudential value.

Eliminating Part 1272 will not eliminate FHFA's authority over the Banks or their new activities. The Agency will retain examinations, ongoing monitoring, supervisory communications, information-gathering powers, early engagement, corrective tools, and enforcement authority. These mechanisms allow FHFA to identify problems during development and respond as an activity evolves in scale, complexity, or risk. Properly directed, risk-based supervision can protect safety and soundness more effectively than a uniform approval requirement that consumes resources regardless of an activity's actual prudential significance.

Removing unnecessary process may also facilitate responsible innovation serving members, housing markets, and community-development needs. To achieve that benefit, FHFA should provide clear transition guidance and transparent, consistently applied expectations for post-repeal engagement. Banks should understand when materially significant or unfamiliar risks warrant additional consultation and information. The Agency should not recreate Part 1272 through informal preclearance, standardized documentation demands, or unwritten approval expectations. Such practices would preserve the costs of the existing rule while reducing transparency and accountability.

FHFA should therefore finalize repeal promptly and conduct a defined evaluation after sufficient implementation experience has accumulated. That review should assess administrative costs, development timelines, supervisory consistency, mission outcomes, and safety-and-soundness performance rather than relying on raw activity counts. Adaptive and proportionate supervision can respond to genuine risk without imposing unnecessary procedures on every new activity. This approach will improve efficiency, preserve managerial accountability, support mission performance, and direct FHFA's prudential resources toward the matters where they provide the greatest protection.

Sincerely,

Andrew M. Langer
President
Main Street Foundation