



PROPOSED RULE ON ENTERPRISE CAPITAL MULTIFAMILY SUPPLEMENTARY TABLES

FHFA PROPOSED RULE ON ENTERPRISE CAPITAL

MULTIFAMILY TABLES

On July 17, 2018, FHFA published a **proposed regulation on capital requirements** for Fannie Mae and Freddie Mac (the Enterprises). FHFA is seeking comments on all aspects of the proposed rule, and FHFA invites interested parties to submit comments via **FHFA.gov** by November 16, 2018. Instructions for submitting comments can be found in the **Federal Register** notice.

In order to facilitate public comments on the proposed rule’s multifamily capital requirements and allocation of capital relief for multifamily credit risk transfer activities, FHFA is publishing estimated risk-based capital requirements for multifamily whole loans, guarantees and related securities as of September 30, 2017 separately for Fannie Mae and Freddie Mac. Unlike in the Enterprises’ single-family businesses, the Enterprises have historically operated under discrete multifamily business models. Freddie Mac has traditionally relied on a securitization business model, while Fannie Mae has long pursued a loss-sharing business model.

In the proposed rule, the table below presented estimated multifamily risk-based capital requirements for the Enterprises combined. FHFA believes that given the distinct nature of each Enterprise’s multifamily business model, it is important to provide the public with a more granular breakdown of the impact of the proposed capital requirements on each business model. FHFA is providing information on the multifamily risk-based capital requirements for each Enterprise in the supplementary tables below.

Fannie Mae and Freddie Mac Combined Estimated Risk-Based Capital Requirements for Multifamily Whole Loans, Guarantees and Related Securities as of September 30, 2017 (Proposed Rule Table 30)

	Capital Requirement		
	\$billions	bps	Share, %
Net Credit Risk	\$16.5		
Credit Risk Transferred	<u>(\$8.0)</u>		
Post-CRT Net Credit Risk	\$8.5	171	61%
Market Risk	\$1.3	25	9%
Going-Concern Buffer	\$3.7	74	27%
Operational Risk	<u>\$0.4</u>	<u>8</u>	<u>3%</u>
Total Capital Requirement	\$13.9	278	100%
Total UPB, \$billions	\$499.6		



Supplementary Table S1: Fannie Mae Estimated Risk-Based Capital Requirements for Multifamily Whole Loans, Guarantees and Related Securities as of September 30, 2017

	Capital Requirement		
	\$billions	bps	Share, %
Net Credit Risk	\$9.1		
Credit Risk Transferred	<u>(\$2.4)</u>		
Post-CRT Net Credit Risk	\$6.7	251	71%
Market Risk	\$0.5	20	6%
Going-Concern Buffer	\$2.0	75	21%
Operational Risk	<u>\$0.2</u>	<u>8</u>	<u>2%</u>
Total Capital Requirement	\$9.4	354	100%
Total UPB, \$billions	\$266.1		

Note: Calculated totals may not match due to rounding.

Supplementary Table S2: Freddie Mac Estimated Risk-Based Capital Requirements for Multifamily Whole Loans, Guarantees and Related Securities as of September 30, 2017

	Capital Requirement		
	\$billions	bps	Share, %
Net Credit Risk	\$7.5		
Credit Risk Transferred	<u>(\$5.6)</u>		
Post-CRT Net Credit Risk	\$1.9	80	42%
Market Risk	\$0.7	31	16%
Going-Concern Buffer	\$1.7	72	38%
Operational Risk	<u>\$0.2</u>	<u>8</u>	<u>4%</u>
Total Capital Requirement	\$4.5	192	100%
Total UPB, \$billions	\$233.5		

Note: Calculated totals may not match due to rounding.

