

Opinion: FSOC leaves mortgage markets uncertain

By [Edward DeMarco](#) November 09, 2020

The Financial Stability Oversight Council's recent comments on the Federal Housing Finance Agency's proposed [capital rule](#) for Fannie Mae and Freddie Mac reinforced aspects of the proposed rule but left market participants uncertain about key issues.

For instance, FSOC's endorsement of FHFA's use of bank-like regulatory capital definitions and structure suggests that this approach will be retained in the final rule. FSOC also observed that the capital "buffers" in the proposed risk-based framework should be risk-based, as they are in the bank framework (a point made by many market participants).

However, elements of FSOC's statement raise questions for market participants trying to anticipate a post-conservatorship [secondary mortgage market](#), should the incoming Biden administration's FHFA go through with the GSEs' exit from governmental control. Three stand out

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