



# *GSE Activity Report*

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Thursday, June 23, 2022

## *No Oops re UMBS*

Following a sharp critique of GSE capital standards earlier today [from the Urban Institute](#), FHFA Director Thompson [today acknowledged](#) Fannie and Freddie's new 50 bps fees when one of the GSEs guarantees the other's collateral for UMBS purposes. The Urban Institute paper argued that these fees properly reflect the capital cost of the rules' weightings related to these cross-guarantees, going on to say that the fees are likely over time to reduce investor appetite for Freddie Mac securities and thus undermine the UMBS construct and its broader benefits. Ms. Thompson showed no willingness to concede the capital point, saying only that FHFA will monitor this issue and continue to discuss it with stakeholders. In short, no capital relief is to come even though – a point not mentioned by the Urban Institute – Fed quantitative tightening will reduce artificial demand for GSE MBS and thus likely hone investor sentiment in ways that could quickly create a spread differential.