



GSE Activity Report

Friday, July 1, 2022

Plan B for UMBS?

FHFA today essentially conceded after its initial polite rebuff to an Urban Institute critique of the capital rules adverse impact on [UMBS](#). In a [statement](#), the agency now says that continuing consultation with stakeholders persuades it that something must be done to protect the single security. Although the GSEs will for now continue to charge their add-on guarantee fee, FHFA pledges a “near-term” review of the capital rule’s requirements, emphasizing its continuing commitment to listen to concerns. In short, stand by for a bit of a capital rewrite unless FHFA comes up with Plan B. We can’t think of what this might be other than a capital fix since the problem here is market perception, not GSE behavior, but FHFA is committed to its capital rule and will try something else if it can think of something else.