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# FEDERAL HOUSING FINANCE AGENCY



## NEWS RELEASE

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### **FHFA Proposes Rule on Conservatorship and Receivership Operations for Fannie Mae, Freddie Mac and Federal Home Loan Banks**

**Washington, DC** – The Federal Housing Finance Agency (FHFA) has sent to the *Federal Register* a proposed rule to codify the terms of conservatorship and receivership operations for Fannie Mae, Freddie Mac and the Federal Home Loan Banks, pursuant to the Housing and Economic Recovery Act of 2008 (HERA). The proposed rule parallels many of the provisions in the Federal Deposit Insurance Corporation (FDIC) rules for conservatorships and receiverships. Among the key issues addressed in the proposed rule are: the status and priority of claims, the relationships among various classes of creditors and equity-holders and the priorities for contract parties and other claimants under conservatorships or receiverships.

“This regulation is designed to provide clarity to the regulated entities, creditors and the markets,” said Acting Director Edward J. DeMarco. “Publication of this rule for comment has no impact on the current conservatorship operations and is not a reflection of the condition of Fannie Mae, Freddie Mac, or the Federal Home Loan Banks.”

The proposed rule would clarify:

- that all claims arising from an equity interest in a regulated entity in receivership would be given the same treatment as the interests of shareholders;
- that claims by shareholders would receive the lowest priority in a receivership, behind administrative expenses of the receiver, general liabilities of the regulated entity and liabilities subordinated to those of general creditors;
- that the ability of a regulated entity to make capital distributions during a conservatorship would be restricted;
- that the powers of the conservator or receiver include continuing the missions of a regulated entity and ensuring that the operations of the regulated entity foster liquid, efficient, competitive and resilient national housing finance markets; and,
- the status of claims against the conservator or receiver for breach of contract.

Public comments are due 60 days from the date of publication in the *Federal Register*.

[Link to Proposed Rule](#)

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*The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.9 trillion in funding for the U.S. mortgage markets and financial institutions.*