



**U.S. Department of Justice**

Office of the Solicitor General

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*Washington, D.C. 20530*

March 18, 2021

Honorable Scott S. Harris  
Clerk  
Supreme Court of the United States  
Washington, D.C. 20543

Re: Collins v. Yellen, No. 19-422, and Yellen v. Collins, No. 19-563

Dear Mr. Harris:

On January 14, 2021, the U.S. Department of the Treasury and the Federal Housing Finance Agency (FHFA), as conservator for Fannie Mae and Freddie Mac, announced amendments to the Preferred Stock Purchase Agreements between Treasury and FHFA on behalf of Fannie and Freddie. The text of the amendments is enclosed with this letter.

The most recent amendments, among other things, modify the Third Amendment's variable dividend formula and waiver of periodic commitment fees. The amendments instead establish a new compensation formula that allows the enterprises to build up substantial capital reserves. They provide that, until an enterprise builds up enough capital to meet certain thresholds—a process that is expected to take multiple years—the enterprise will compensate Treasury through increases in the liquidation preference rather than through variable cash dividends. They further provide that, after the enterprise builds up the specified amount of capital, the enterprise will make quarterly dividend payments equal to the lesser of 10 percent of Treasury's liquidation preference or the incremental increase in the enterprise's net worth in the previous quarter and will pay periodic commitment fees.

The amendments do not moot these cases. The shareholders have sought both (1) prospective relief prohibiting the continued implementation of the Third Amendment's dividend formula and (2) retrospective relief ordering the return of dividends already paid under that formula. See J.A. 117-118. The new amendments modify the Third Amendment's dividend formula going forward, but they do not refund dividend payments that were made in the past or otherwise provide retrospective relief.

I would appreciate your distributing this letter to the Members of the Court.

Sincerely,

Elizabeth B. Prelogar  
Acting Solicitor General

Enclosures

cc: See Attached Service List

19-0422

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