
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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Federal Housing Finance Agency Proposes New Housing Goals for Fannie Mae and Freddie Mac

Washington, DC -- The Federal Housing Finance Agency (FHFA) has sent a proposed rule to the *Federal Register* establishing new housing goals for Fannie Mae and Freddie Mac (the Enterprises). The Housing and Economic Recovery Act of 2008 (HERA) gave FHFA authority for establishing housing goals for the Enterprises. Previously the Department of Housing and Urban Development (HUD) set the Enterprises' housing goals.

For 2010 and 2011, FHFA is proposing levels for three single-family home purchase goals: low-income families, very low-income families, and families in low-income/high minority/disaster areas. The proposed rule also contains goals for single-family refinance mortgages for low-income families. These are the goal categories established in HERA. The home purchase and refinance goals are all expressed as minimum goal-qualifying shares of each type of mortgage purchased by the Enterprises.

Pursuant to HERA, FHFA is also proposing separate goals for Enterprise purchases of multifamily mortgages. Specifically, FHFA is proposing multifamily goals for low-income families and for very low-income families, both expressed in terms of minimum numbers of units financed. In accordance with HERA, the Enterprises will also be reporting their funding of low-income units in small (5-50 unit) multifamily properties.

There are no overall goals for all mortgages (single-family and multifamily combined) purchased by the Enterprises, as there were before HERA.

In the past, the Enterprises' housing goals were set prospectively by rule. That is, HUD established in regulation the target housing goal levels for future years. The approach set forth in FHFA's proposed rule utilizes prospective, or "benchmark" goals and adds a market-based alternative measure for each single-family goal. This market-based assessment measures the Enterprises' single-family goals performance relative to the actual goals-qualifying shares of the primary mortgage market. Thus, an Enterprise can satisfy a particular goal if it exceeds the prospective (benchmark) goal level in the rule or if the goal category's share of the Enterprise's business for the year is at least as great as the category's share of the overall market.

For example, the proposed rule establishes a prospective (benchmark) low-income family goal of 27 percent. An Enterprise will satisfy this goal if 27 percent of the total number of purchase money mortgages acquired by the Enterprise that finance owner-occupied single-family properties meet the low-income standard. Alternatively, if the actual market share of purchase money mortgages to low-income families relative to all purchase money mortgages originated to finance owner-occupied single-family properties is some other percentage, then an Enterprise will also satisfy this goal if it achieves that actual market percentage.

As before, the applicable mortgage market considered for the housing goals is the market for conforming (i.e., below the conforming loan limit), conventional (i.e., not government-insured) mortgages.

The rule also proposes to prohibit housing goals credit for mortgages in private-label securities.

FHFA does not intend for the Enterprises to undertake uneconomic or high-risk activities in support of the goals, nor does it intend for the Enterprises' state of conservatorship to be a justification for withdrawing support from these market segments.

The public comment period for the proposed rule is 45 days from the date of publication in the *Federal Register*. Additionally, FHFA intends to issue two related proposed rules in the near future—the FHLBanks' Affordable Housing Goals rule and the Enterprises' Duty to Serve rule.

Today, FHFA is also releasing a Mortgage Market Note that provides data on the history of the housing goals and their relationship to actual market shares.

[Link to Proposed Rule](#)

[Technical Appendix to Proposed Rule](#)

[Link to FHFA Mortgage Market Note: *The Housing Goals of Fannie Mae and Freddie Mac in the Context of the Mortgage Market: 1996–2009*](#)

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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 \$6.3 trillion in funding for the U.S. mortgage markets and financial institutions.