
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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FHFA Proposes Rule on Fannie Mae and Freddie Mac Requirements for Underserved Markets

Washington, DC - The Federal Housing Finance Agency (FHFA) has sent to the *Federal Register* a proposed rule implementing provisions of the Housing and Economic Recovery Act of 2008 (HERA) that establish a duty for Fannie Mae and Freddie Mac (the Enterprises) to serve very low-, low- and moderate-income families in three specified underserved markets -- manufactured housing, affordable housing preservation, and rural markets. The proposed rule, implementing HERA's pre-conservatorship provisions, would require the Enterprises to take actions to increase the liquidity of mortgage investments and improve the distribution of investment capital available for mortgage financing for underserved markets while adhering to the requirements of conservatorship.

As described in the proposed rule, while the Enterprises remain in conservatorship, they are expected to continue to fulfill their core statutory purposes, which include their support for affordable housing. FHFA's approach to implementing the duty to serve provisions of HERA, consistent with the requirements of conservatorship, is to limit the proposed rule to existing core business activities at the Enterprises and to require that they not engage in new lines of business as a result of the duty to serve proposed rule.

The proposed rule would also establish a method for evaluating and rating Enterprise performance in each underserved market for 2010 and subsequent years and describes the transactions and activities that would be considered for compliance. The Enterprises would be evaluated on four statutory assessment factors: 1) the development of loan products, more flexible underwriting guidelines, and other innovative approaches to providing financing; 2) the extent of outreach to qualified loan sellers and other market participants; 3) the volume of loans purchased relative to the market opportunities available, subject to the statutory condition that FHFA not establish specific quantitative targets; and 4) the amount of investments and grants in projects that assist in meeting the needs of the underserved markets.

Under the proposed rule, each Enterprise would be required to provide an underserved markets plan against which the Enterprise would be evaluated and rated "satisfactory" or "unsatisfactory" for assessment factors in each underserved market on an annual basis. FHFA would then rate the Enterprise's overall duty to serve performance for each underserved market as "in compliance" or "noncompliance." Enforcement provisions for the duty to serve requirement would be similar to the enforcement provisions applicable to the Enterprises' housing goals.

Comments are due 45 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 \$6.3 trillion in funding for the U.S. mortgage markets and financial institutions.