



OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

NEWS RELEASE

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REGULATOR OF FANNIE MAE AND FREDDIE MAC RELEASES EXAMINATION HANDBOOK OUTLINING THE FRAMEWORK FOR ITS COMPREHENSIVE ANNUAL RISK-BASED EXAMINATION PROGRAM

(Washington, D.C.) The Office of Federal Housing Enterprise Oversight (OFHEO) announced the public release of its *Examination Handbook*. This handbook sets forth the framework and standards of its comprehensive annual risk-based examination of Fannie Mae and Freddie Mac (the Enterprises), the nation's two largest housing government-sponsored enterprises.

OFHEO is legislatively mandated to conduct financial safety and soundness examinations of the Enterprises on an annual basis. The results and conclusion of the examinations are published in OFHEO's Annual Report to Congress.

OFHEO is publishing the *Examination Handbook* to share the components of its comprehensive annual risk-based examination program with the Enterprises as well as other interested parties in the housing finance community. OFHEO examiners will use the handbook to evaluate the performance of the Enterprises as related to very specific assessment factors. This handbook:

- Outlines the program's underlying principles;
- Articulates the standards examiners use to assess the financial safety and soundness of the Enterprises' operations; and
- Establishes the standards that foster effective communication between OFHEO and the Enterprises, and advances the objectives of the examination program.

Mark Kinsey, Acting Director of OFHEO stated that: *"This handbook is an important tool for OFHEO, the Enterprises and the regulatory community at large. OFHEO's examinations are tailored to the specific business practices of the Enterprises and it is important to clearly articulate the standards applied in evaluating these organizations. This handbook facilitates ongoing, quality and effective communication with the Enterprises. OFHEO's transparent, efficient and flexible examination program is clearly outlined in this document, and I am pleased to make it publicly available."*

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The *Examination Handbook* is divided into three chapters and an appendix:

- Chapter One describes the core principles that drive examination work;
- Chapter Two describes the elements of the exam program itself; and
- Chapter Three describes OFHEO's standards for communication and emphasizes the sensitive and confidential nature of information gained through the examination program.

The Appendix contains Examiner Guidance, periodically issued as supplemental materials that describe enhancements to the examination program. The handbook released today has two Examiner Guidance documents.

A complete copy of the *Examination Handbook* can be found on OFHEO's website at www.ofheo.gov.

OFHEO is an independent office within the Department of Housing and Urban Development that reports to Congress. It is funded through assessments of Freddie Mac and Fannie Mae, and receives no government funds. In its regulatory authority, OFHEO is analogous to such other federal financial regulators as the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, and the Federal Reserve Board.

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OFHEO's Mission Statement

OFHEO effectively protects the interests of the American taxpayer and contributes to the strength and vitality of the nation's housing finance system through independent and fair safety and soundness regulation of Fannie Mae and Freddie Mac.