
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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FHFA Establishes New Housing Goals for Fannie Mae and Freddie Mac

Washington, DC -- The Federal Housing Finance Agency (FHFA) has sent a final rule to the *Federal Register* establishing new housing goals for Fannie Mae and Freddie Mac (the Enterprises) for 2010-2011. The Housing and Economic Recovery Act of 2008 (HERA) required FHFA to establish housing goals for the Enterprises for targeted segments of the mortgage market.

In previous years, the Department of Housing and Urban Development (HUD) set overall goals that measured the combined performance of single-family and multifamily mortgages. In contrast, the new goals required by HERA target specific segments of those markets. The new goals also reflect essential conservatorship requirements to ensure the Enterprises focus on core business activities to support the mortgage market while minimizing losses on their existing mortgages.

The final rule establishes three single-family, owner-occupied home purchase mortgage goals for low-income families, very low-income families, and families living in geographical areas with lower-income populations, areas with high concentrations of minority residents, and federally-declared disaster areas. The latter goal also includes a specialized subgoal to ensure that the Enterprises address housing needs in lower-income and minority areas. The final rule also contains a goal for single-family, owner-occupied refinance mortgages for low-income families.

The home purchase and refinance goals are expressed as minimum goal-qualifying mortgage shares of home purchase or refinance mortgages acquired by the Enterprises. The benchmark goal levels for the low-income and very low-income home purchase goals did not change from the proposed housing goals rule, however, the final rule adjusts the low-income refinance goal downward reflecting recent market conditions.

The benchmarks for the four single-family goals are:

- 27 percent for the low-income home purchase goal;
- 8 percent for the very low-income family home purchase goal;
- A percentage to be set annually by FHFA for the low-income/high minority/disaster areas home purchase goal (with a subgoal of 13 percent to measure acquisitions in low-income/high minority areas only); and
- 21 percent for the low-income family refinance goal.

The final multifamily goals reflect the current market conditions and are lower than those proposed initially:

- Fannie Mae's goal is to acquire mortgages that finance at least 177,750 low-income rental units and 42,750 very low-income rental units.
- Freddie Mac's goal is to acquire mortgages that finance at least 161,250 low-income rental units and 21,000 very low-income rental units.
- The Enterprises must also report on their acquisition of mortgages involving low-income units in small (5- to 50-unit) multifamily properties.

Consistent with the FHFA proposed housing goals rule, the final rule offers two measures for goal compliance. The final rule sets a prospective or benchmark measure as well as a retrospective market-based measure to assess each Enterprise's performance relative to the actual goals-qualifying share of the primary mortgage market. An Enterprise can satisfy a particular goal if it meets either of these measures. Previously, the Enterprises' housing goal levels were set only prospectively.

Consistent with the proposed rule, the final rule prohibits housing goals credit for purchases of mortgages in private-label securities, including commercial mortgage-backed securities. The final rule revises the counting treatment in the proposed rule for loan modifications by allowing credit under the low-income refinance goal for permanent Making Home Affordable loan modifications.

FHFA does not intend for the Enterprises to undertake economically adverse 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 important market segments.

As noted in the final rule, FHFA expects to take future regulatory action to address the housing goals treatment of purchases of multifamily loans that aid the conversion of properties that have affordable rents to properties that have less affordable, market rate rents. FHFA also may solicit further comments on how the housing goals can further promote sustainable homeownership and how multifamily subordinate liens can be structured to benefit low-income residents. The final rule is effective 30 days after publication in the *Federal Register*.

[Link to Final 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.