



ANNUAL PERFORMANCE PLAN FOR FISCAL YEAR 2017

October 2016



Office of Budget and Financial Management

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Mission

Ensure the regulated entities operate in a safe and sound manner so that they serve as a reliable source of liquidity and funding for housing finance and community investment.

Vision

A reliable, stable, and liquid housing finance system.

Values

- Respect We strive to act with respect for each other, share information and resources, work together in teams, and collaborate to solve problems.
- Excellence We aspire to excel in every aspect of our work and to seek better ways to accomplish our mission and goals.
- Integrity We are committed to the highest ethical and professional standards to inspire trust and confidence in our work.
- Diversity We seek to promote diversity in our employment and business practices and those of our regulated entities.



Scope of Responsibilities

The Federal Housing Finance Agency (FHFA) was established by the Housing and Economic Recovery Act of 2008 (HERA) and is responsible for the effective supervision, regulation, and housing mission oversight of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Bank System (FHLBank System), which includes 11 Federal Home Loan Banks (FHLBanks) and the Office of Finance. The Agency's mission is to ensure that these regulated entities operate in a safe and sound manner so that they serve as a reliable source of liquidity and funding for housing finance and community investment. Since 2008, FHFA has also served as conservator of Fannie Mae and Freddie Mac (together, the Enterprises).

I. FHFA's Regulatory Oversight of the Federal Home Loan Banks, Fannie Mae, and Freddie Mac

As part of the Agency's statutory authority in overseeing the FHLBank System and the Enterprises, the Federal Housing Enterprises Financial Safety and Soundness Act (the Safety and Soundness Act), as amended by HERA, requires FHFA to fulfill the following duties:

- (A) to oversee the prudential operations of each regulated entity; and
- (B) to ensure that--
 - (i) each regulated entity operates in a safe and sound manner, including maintenance of adequate capital and internal controls;
 - (ii) the operations and activities of each regulated entity foster liquid, efficient, competitive, and resilient national housing finance markets (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities);
 - (iii) each regulated entity complies with this chapter and the rules, regulations, guidelines, and orders issued under this chapter and the authorizing statutes;
 - (iv) each regulated entity carries out its statutory mission only through activities that are authorized under and consistent with this chapter and the authorizing statutes; and



(v) the activities of each regulated entity and the manner in which such regulated entity is operated are consistent with the public interest.

12 U.S.C. § 4513(a)(1).

II. FHFA's Role as Conservator of Fannie Mae and Freddie Mac

As part of HERA, Congress granted the Director of FHFA the discretionary authority to appoint FHFA as conservator or receiver of Fannie Mae, Freddie Mac, or any of the FHLBanks, upon determining that specified criteria had been met. On September 6, 2008, FHFA exercised this authority and placed Fannie Mae and Freddie Mac into conservatorships. FHFA continues to oversee these conservatorships.

FHFA's authority as both conservator and regulator of the Enterprises is based upon statutory mandates enacted by Congress, which include the following conservatorship authorities granted by HERA:

- (D) ...take such action as may be--
 - (i) necessary to put the regulated entity in a sound and solvent condition; and
 - (ii) appropriate to carry on the business of the regulated entity and preserve and conserve the assets and property of the regulated entity.

12 U.S.C. § 4617(b)(2)(D).

Carrying on the business of the Enterprises in conservatorships also incorporates the above-referenced responsibilities enumerated in 12 U.S.C. § 4513(a)(1). Additionally, under the Emergency Economic Stabilization Act of 2008, FHFA has a statutory responsibility in its capacity as conservator to "implement a plan that seeks to maximize assistance for homeowners and use its authority to encourage the servicers of the underlying mortgages, and considering net present value to the taxpayer, to take advantage of...available programs to minimize foreclosures." 12 U.S.C. § 5220(b)(1).

FHFA, acting as conservator and regulator, must follow the mandates assigned to it by statute and the missions assigned to the Enterprises by their charters until such time as Congress revises those mandates and missions.



Relationship between the Strategic Plan and the Annual Performance Plan

The Fiscal Year (FY) 2017 Annual Performance Plan (APP) supports the *FHFA Strategic Plan: Fiscal Years 2015–2019* (Strategic Plan), which is available to the public on the FHFA [website](#).¹ The APP sets out performance measures and targets in support of the goals in the Strategic Plan.

FHFA's APP has four components: (1) strategic goals; (2) performance goals; (3) performance measures and associated targets; and (4) means and strategies to accomplish the performance goals.

The **strategic goals**, which are outlined in the Strategic Plan, are the starting point for the FY 2017 APP. This nexus between the Strategic Plan and the APP helps to ensure that the performance goals, as well as the resulting means and strategies, are integrated with the Agency's mission.

The **performance goals** in the APP link directly to each strategic goal in FHFA's Strategic Plan. FHFA selected these performance goals because they are intermediate outcomes or outputs necessary to achieve its strategic goals.

The **performance measures** and the associated targets are those measures that FHFA expects to achieve during FY 2017. In many cases, these performance measures represent incremental progress toward achieving the strategic goals. The performance measures are the best indicators to management that FHFA is making progress to achieve its performance goals.

The **means and strategies** are key activities and actions that lead to the attainment of each performance goal.

¹ www.fhfa.gov/AboutUs/reportsplans



Strategic and Performance Goals

The FY 2017 APP details a series of performance measures and means and strategies to support the following three strategic goals and nine performance goals:

Strategic Goal 1:		Performance Goals
Ensure Safe and Sound Regulated Entities	1.1	Assess the safety and soundness of regulated entity operations
	1.2	Identify risks to the regulated entities and set expectations for strong risk management
	1.3	Require timely remediation of risk management weaknesses
Strategic Goal 2:		Performance Goals
Ensure Liquidity, Stability, and Access in Housing Finance	2.1	Ensure liquidity in mortgage markets
	2.2	Promote stability in the nation’s housing finance markets
	2.3	Expand access to housing finance for qualified financial institutions of all sizes in all geographic locations and for qualified borrowers
Strategic Goal 3:		Performance Goals
Manage the Enterprises’ Ongoing Conservatorships	3.1	Preserve and conserve assets
	3.2	Reduce taxpayer risk from Enterprise operations
	3.3	Build a new single-family securitization infrastructure



I. Strategic Goal 1

Ensure Safe and Sound Regulated Entities

As regulator of the FHLBank System and regulator and conservator of the Enterprises, FHFA promotes safe and sound operations at the regulated entities through the Agency’s supervisory program. FHFA uses a risk-based approach to conducting supervisory examinations, which prioritizes examination activities based on the risk a given practice poses to a regulated entity’s safe and sound operation or to its compliance with applicable laws and regulations. FHFA conducts ongoing risk analysis, on-site examinations at the regulated entities, and off-site review and monitoring. In addition, FHFA communicates supervisory standards to the regulated entities, establishes expectations for strong risk management, identifies risks, and requires remediation of identified deficiencies. FHFA issues written standards in the form of advisory bulletins to the regulated entities regarding particular supervisory issues.

A. Performance Goal 1.1: Assess the Safety and Soundness of Regulated Entity Operations

	Measure	Target	Goal leader
1.1.1	Ensure that written risk-based supervisory strategies and examination plans are in place prior to commencement of the examination cycle	100 percent of the time	Deputy Director, Division of Bank Regulation Deputy Director, Division of Enterprise Regulation
1.1.2	Deputy Director will approve Reports of Examination for regulated entities within 90 days of completing examination work	100 percent of the time	Deputy Director, Division of Bank Regulation Deputy Director, Division of Enterprise Regulation
1.1.3	Ensure a quarterly Market Value of Equity-to-par ratio greater than or equal to one for each FHLBank	100 percent of the time	Deputy Director, Division of Bank Regulation
1.1.4	Ensure each FHLBank is adequately capitalized and communicate quarterly capital classifications to the FHLBanks by the end of the following quarter	100 percent of the time	Deputy Director, Division of Bank Regulation
1.1.5	Ensure that documentation for completed targeted examinations of the Enterprises is in place and consistent with the Division of Enterprise Regulation examination guidance	Quality control review of 100 percent of targeted exams	Deputy Director, Division of Enterprise Regulation



Means and Strategies for Performance Goal 1.1

During FY 2017, FHFA will use the following means and strategies in support of Performance Goal 1.1:

- Conduct examination work at each regulated entity in accordance with examination plans;
- Conduct targeted examinations on specific programs or operations of the regulated entities in accordance with examination plans;
- Perform ongoing monitoring and analysis of key risk areas, incorporating input from other FHFA divisions;
- Effectively manage data submitted to FHFA by the regulated entities, or data available through external sources, and make it accessible to examiners and analysts for use in supervision;
- Document semiannual risk assessments of the Enterprises;
- Hold an annual supervision planning meeting to identify priorities for the following year's examinations of the FHLBanks;
- Hold supervision planning and update meetings to set priorities for risk-based examinations of the Enterprises;
- Perform quality control of examination work, consistent with division procedures;
- Conduct the annual FHFA Supervision Conference;
- Educate supervision staff on current and emerging risks through internal and external training programs; and
- Continue to strengthen the Housing Finance Examiner commissioning program.

Data Validation and Verification for Performance Goal 1.1

Measure 1.1.1 — FHFA develops supervisory strategies and examination plans for the Enterprises on an annual basis. FHFA develops its supervisory strategy for each FHLBank following the completion of each FHLBank's examination. Supervisory strategies and examination plans are approved, dated, and stored electronically.



Measure 1.1.2 — FHFA approves its Reports of Examination (ROE) for each Enterprise by March 31. FHFA approves its ROE for each FHLBank within 90 days of an examination’s exit meeting. Documentation of the Deputy Director’s approval and issuance of the ROEs is maintained electronically.

Measure 1.1.3 — FHFA will use the Call Report System to verify that the Market Value of Equity-to-par ratio is greater than one at each FHLBank at quarter end.

Measure 1.1.4 — Each quarter, FHFA monitors the capital positions of the FHLBanks and their compliance with capital regulations. The Call Report System (and/or the Director’s discretion) automatically and regularly calculates capital compliance. A letter to each FHLBank communicates the capital classification by the end of the following quarter. Letters to the FHLBanks are stored electronically. Also, as required by statute, FHFA will provide written notice of its quarterly capital classification determination to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives.

Measure 1.1.5 — DER Quality Control (QC) function will review all written communications of results of completed targeted examinations for adherence to FHFA examination guidance. QC reviews are documented and stored electronically.

B. Performance Goal 1.2: Identify Risks to the Regulated Entities and Set Expectations for Strong Risk Management

	Measure	Target	Goal leader
1.2.1	Issue guidance to the Enterprises on cyber risk management to better align existing FHFA guidance with recent regulatory and industry standards	Fiscal Year 2017	Deputy Director, Division of Enterprise Regulation

Means and Strategies for Performance Goal 1.2

During FY 2017, FHFA will use the following means and strategies in support of Performance Goal 1.2:

- Review existing FHFA standards for information security;
- Consider other regulatory agencies' standards for cyber risk management in the financial services industry; and



- Utilize a collaborative, inclusive review process to ensure input from all stakeholders prior to finalizing guidance.

Data Validation and Verification for Performance Goal 1.2

Measure 1.2.1 — An advisory bulletin and/or FHFA Examination Manual module will be posted on the Agency’s public website.

C. Performance Goal 1.3: Require Timely Remediation of Risk Management Weaknesses

	Measure	Target	Goal leader
1.3.1	FHFA determines that the regulated entities have satisfactorily addressed MRAs in accordance with agreed upon remediation plans and timeframes	90 percent of the time	Deputy Director, Division of Enterprise Regulation Deputy Director, Division of Bank Regulation

Means and Strategies for Performance Goal 1.3

During FY 2017, FHFA will use the following means and strategies in support of Performance Goal 1.3:

- Engage with Enterprise management to discuss identified weaknesses and to supervisory expectations for risk management during the course of ongoing monitoring and targeted examinations;
- Issue written communication to boards of directors for the FHLBanks and to senior management and the Audit Committee Chairs for the Enterprises about examination findings and conclusions;
- Issue Matters Requiring Attention (MRAs) and cite violations of laws, regulations, or orders in accordance with FHFA guidance; and
- Monitor, review, and evaluate the regulated entities’ implementation of corrective actions.



Data Validation and Verification for Performance Goal 1.3

Measures 1.3.1— Where there is a significant supervisory concern or violation of law or regulation by one of the regulated entities, FHFA may issue a Matter Requiring Attention (MRA) that requires the board of directors and/or management to take corrective action to address deficiencies and violations. FHFA tracks the remediation of MRAs to ensure that the regulated entity has addressed the supervisory concern or violation of law or regulation.

Enterprises: The Enterprises address MRAs by submitting proposed remediation plans to FHFA for review and non-objection. Each non-objectioned remediation plan includes a timeframe for completion that provides for completion either within the fiscal year the MRA was issued or beyond. Enterprise management executes the actions required in the remediation plan and submits documentation to the Enterprise's internal audit function for validation. For all MRAs for which each Enterprise's internal audit function validates completion during the fiscal year, FHFA reviews the Enterprise's actions and the internal audit function's validation to determine whether the Enterprise has satisfactorily addressed the MRA. MRAs and associated documentation are maintained electronically and FHFA monitors the status of completion in the course of carrying out its on-site supervisory and examination functions.

FHLBanks: Pursuant to FHFA's annual examination cycle for the FHLBanks, FHFA will complete its review of FHLBank compliance with MRAs in the quarter following the on-site annual examination for each FHLBank. During this review, FHFA will determine whether MRAs outstanding prior to the examination were addressed by the FHLBank within agreed upon timeframes or if the FHLBank is sufficiently on track to address them within the established remediation plan. MRAs and associated documentation are maintained electronically.



II. Strategic Goal 2

Ensure Liquidity, Stability, and Access in Housing Finance

For both the FHLBank System and the Enterprises, FHFA has the statutory obligation to foster liquid, efficient, competitive, and resilient national housing finance markets, while ensuring that the regulated entities meet their fundamental safety and soundness obligations. To achieve this goal, FHFA will work to ensure liquidity and promote stability in the housing finance markets and expand access to housing finance to all qualified financial institutions and qualified borrowers.

A. Performance Goal 2.1: Ensure Liquidity in Mortgage Markets

	Measure	Target	Goal Leader
2.1.1	Implement a post-HARP ² refinance product	Fiscal Year 2017	Deputy Director, Division of Housing Mission & Goals
2.1.2	Implement a standardized hierarchy of loss mitigation programs that reflect the post-HAMP ³ environment	Fiscal Year 2017	Deputy Director, Division of Housing Mission & Goals

Means and Strategies for Performance Goal 2.1

During FY 2017, FHFA will use the following means and strategies in support of Performance Goal 2.1:

- Assess and finalize post-crisis loss mitigation options for borrowers, including loan modifications, and develop an implementation plan and timeline.

Data Validation and Verification for Performance Goal 2.1

Measure 2.1.1 — Each Enterprise’s Servicing Guide for a post-HARP refinance product will be published on their websites and on the AllRegs system.

Measure 2.1.2 — The Enterprises will announce a standardized hierarchy of loss mitigation programs that provide foreclosure prevention alternatives for borrowers. These programs will be

² Home Affordable Refinance Program - www.harp.gov
³ Home Affordable Modification Program - www.fhfa.gov/Homeownersbuyer



published in each Enterprise’s Servicing Guide on each Enterprise’s website and on the AllRegs system.

B. Performance Goal 2.2: Promote Stability in the Nation’s Housing Finance Markets

	Measure	Target	Goal Leader
2.2.1	Continue publication of 12 monthly and four quarterly FHFA House Price Indices	Fiscal Year 2017	Deputy Director, Division of Housing Mission & Goals

Means and Strategies for Performance Goal 2.2

During FY 2017, FHFA will use the following means and strategies in support of Performance Goal 2.2:

- Undertake research projects as specified on FHFA’s approved research agenda;
- Calculate and publish monthly and quarterly House Price Index (HPI) information on FHFA’s website;
- Promote home retention programs and initiatives; and
- Monitor implementation of the new financial and operational eligibility requirements for seller/servicers, which were issued to reduce market uncertainty about the Enterprises’ expectations for mortgage servicer counterparties.



Data Validation and Verification for Performance Goal 2.2

Measure 2.2.1 — The FHFA HPI will be publicly released monthly on the FHFA website; four of the reports will contain a quarterly update. The releases will occur on dates that have been pre-announced by the Agency and are shown on the FHFA website. Consistent with historical practice, prior to index publication, the HPI values will be reviewed and validated by an internal team. The review will include validation of the underlying data to ensure that the indices are published using the standard “repeat-transactions” methodology. The publication can be found on FHFA’s public website.⁴

C. Performance Goal 2.3: Expand Access to Housing Finance for Qualified Financial Institutions of All Sizes in All Geographic Locations and for Qualified Borrowers

	Measure	Target	Goal Leader
2.3.1	Issue final Duty to Serve rule requiring the Enterprises to serve three underserved markets – manufactured housing, affordable housing preservation, and rural areas	Fiscal Year 2017	Deputy Director, Division of Housing Mission & Goals
2.3.2	Ensure that written Diversity and Inclusion supervisory strategies and examination plans are in place prior to Division of Enterprise Regulation and Division of Bank Regulation examination cycles (See measure 1.1.1)	100 percent of the time	Director, Office of Minority and Women Inclusion
2.3.3	Incorporate approved conclusion letters into Division of Bank Regulation Reports of Examination as scheduled (See measure 1.1.2)	100 percent of the time	Director, Office of Minority and Women Inclusion
2.3.4	Issue proposed rule for Enterprise Housing goals for 2018-2020	Fiscal Year 2017	Deputy Director, Division of Housing Mission & Goals
2.3.5	Issue proposed rule for Federal Home Loan Bank Affordable Housing Program Modernization Regulation	Fiscal Year 2017	Deputy Director, Division of Housing Mission & Goals

⁴ www.fhfa.gov/DataTools/Downloads/pages/house-price-index.aspx



Means and Strategies for Performance Goal 2.3

During FY 2017, FHFA will use the following means and strategies in support of Performance Goal 2.3:

- Develop policy recommendations and a final rule that support the Enterprises' Duty to Serve manufactured housing, affordable housing preservation, and rural markets;
- Develop an approach and framework for the Agency's annual evaluation of the Enterprises' Duty to Serve performance in each of the three underserved markets identified in the rule;
- Supervise the FHLBanks' Affordable Housing Program and Acquired Member Assets Program;
- Monitor access to mortgage credit;
- Support multifamily housing needs with a focus on the affordable and underserved segments of the market;
- Provide training and technical assistance to the regulated entities and the Office of Finance (OF) on the new Minority and Women Inclusion regulatory requirements at 12 CFR 1207;
- Engage in on-going dialogue with the regulated entities and OF about FHFA's expectations with regard to their responsibilities for promoting Diversity & Inclusion (D&I) in all management, employment, and business activities; and
- Monitor and evaluate the FHLBanks' and OF's outreach efforts to advance D&I on their respective boards of directors.

Data Validation and Verification for Performance Goal 2.3

Measure 2.3.1 — FHFA will issue a final Duty to Serve rule requiring the Enterprises to serve three underserved markets—manufactured housing, affordable housing preservation, and rural areas. The final Duty to Serve rule will be published on FHFA's website and in the Federal Register.

Measure 2.3.2 — FHFA will develop D&I supervisory strategies and examination plans per FHFA's Enterprise and FHLBank examination cycles. Supervisory strategies and examination plans will be approved, dated, and stored electronically.



Measure 2.3.3 — FHFA will approve a conclusion letter and ensure that the letters are incorporated within the Reports of Examination of each FHLBank and the OF within 90 days of an examination's exit meeting (See measure 1.1.2). Documentation of the approval and issuance of the conclusion letter will be maintained electronically.

Measure 2.3.4 — FHFA will issue a proposed rule for the updated housing goals for the regulated entities. The proposed rule will be published on FHFA's website and in the Federal Register.

Measure 2.3.5 — FHFA will issue a proposed rule for the Federal Home Loan Bank Affordable Housing Program Modernization Regulation. The Proposed rule will be published on FHFA's website and in the Federal Register

III. Strategic Goal 3

Manage the Enterprises' Ongoing Conservatorships

Strategic Goal 3 focuses on managing the Enterprises' ongoing conservatorships to preserve and conserve the assets of the Enterprises for the benefit of the taxpayers, reduce taxpayer risk from Enterprise operations, and build a new single-family securitization infrastructure for the Enterprises.



A. Performance Goal 3.1: Preserve and Conserve Assets

	Measures	Target	Goal Leader
3.1.1	Maintain a qualified board of directors and Chief Executive Officer for each Enterprise to oversee the implementation of conservator objectives	95 percent of vacancies filled within 120 days	Deputy Director, Division of Conservatorship
3.1.2	2017 Scorecard for Fannie Mae, Freddie Mac and Common Securitization Solutions (2017 Scorecard) provided to the Enterprises	December 31, 2016	Deputy Director, Division of Conservatorship
3.1.3	Approve Enterprises’ administrative expenses for Calendar Year 2017	March 31, 2017	Deputy Director, Division of Conservatorship
3.1.4	Monitor and rate the Enterprises’ performance against current Scorecard objectives	Completed within 30 days of the end of each quarter	Deputy Director, Division of Conservatorship
3.1.5	Provide timely decisions on items submitted to FHFA for conservator approval	95 percent of conservatorship decisions made and communicated within 120 days of receipt	Deputy Director, Division of Conservatorship

Means and Strategies for Performance Goal 3.1

During FY 2017, FHFA will use the following means and strategies in support of Performance Goal 3.1:

- Provide clear expectations to Enterprise boards and management;
- Support Enterprise efforts to fill vacancies for boards and Chief Executive Officers on a timely basis;
- Set goals through the 2017 Scorecard to implement the *2014 Strategic Plan for the Conservatorships of Fannie Mae and Freddie Mac*;
- Evaluate performance of the Enterprises and the Common Securitization Solutions on the 2016 and 2017 Scorecards on a quarterly basis;
- Oversee Enterprise staffing and compensation;
- Require the Enterprises to have an effective process in place to identify matters that require conservatorship approval;



- Continue to undertake and defend legal actions that preserve Enterprise assets, protect conservatorship and Agency interests, and recover Enterprise losses; and
- Require each Enterprise to submit a proposed budget to FHFA for approval prior to the new calendar year.

Data Validation and Verification for Performance Goal 3.1

Measure 3.1.1 — FHFA tracks and reports on the current status of Chief Executive Officers and board position vacancies and what actions are taken by the Enterprises to fill the positions. Communications from the Enterprises and information posted on Enterprise websites and Securities and Exchange Commission reports verify when openings are filled.

Measure 3.1.2 — FHFA develops and issues the 2017 Scorecard. The 2017 Scorecard will be transmitted to the Enterprises and posted on the Agency's public website.

Measure 3.1.3 — FHFA, in its role as conservator, will transmit the decision regarding their proposed budgets for calendar year 2017 to the Enterprises and will maintain electronic records.

Measure 3.1.4 — FHFA evaluates the Enterprises' progress against the goals contained in the Scorecard. Scorecard objectives are generally rated quarterly and a final year-end rating is provided in January. All rating decisions will be maintained electronically.

Measure 3.1.5 — In managing the conservatorships, FHFA delegates the day-to-day operations of the companies to their boards of directors and senior management. However, FHFA has carved out actions that are not delegated to the Enterprises that require advance approval by FHFA. FHFA defines matters requiring approval as those items that are not delegated to the Enterprises and require advance notification to the conservator. Conservator decisions will be transmitted electronically to the Enterprises and maintained electronically.



B. Performance Goal 3.2: Reduce Taxpayer Risk From Enterprise Operations

	Measure	Target	Goal Leader
3.2.1	Oversee reduction in retained portfolios consistent with the Senior Preferred Stock Purchase Agreement target of \$339.3 billion	December 31, 2016	Deputy Director, Division of Conservatorship
3.2.2	Require the Enterprises to execute single-family mortgage credit risk-sharing transactions	At least 90 percent of the unpaid principal balance of newly acquired single-family mortgages in loan categories targeted for credit risk transfer	Deputy Director, Division of Housing Mission & Goals
3.2.3	Require the Enterprises to execute multifamily mortgage credit risk-sharing transactions	Each Enterprise executes one multifamily credit risk transfer transaction	Deputy Director, Division of Housing Mission & Goals
3.2.4	Require the Enterprises to continue to responsibly reduce the number of severely-aged delinquent loans held by the Enterprises through national and small geographically concentrated pools	Each Enterprise meets the targets in the FHFA-approved plans for non-performing loan sales	Deputy Director Division of Housing Mission & Goals

Means and Strategies for Performance Goal 3.2

During FY 2017, FHFA will use the following means and strategies in support of Performance Goal 3.2:

- Oversee the Enterprises’ execution of FHFA-approved retained portfolio plans to reduce the size of the Enterprises’ legacy retained portfolios;
- Promote credit risk transfers that reduce taxpayer risk by attracting private capital. This includes setting targets for multiple types of single-family mortgage credit risk-sharing transactions and holding Enterprise management accountable for meeting those targets;
- Work with the Enterprises to develop their non-performing loan (NPL) sale programs; and



- Direct the Enterprises to determine the feasibility of transacting additional approved types of risk transfer structures for multifamily mortgages to determine their: (a) market acceptance; (b) effectiveness at transferring risk; and (c) ability to expand the scale of the transfer initiatives. Based on the feasibility assessment, the Enterprises may execute additional risk transfers.

Data Validation and Verification for Performance Goal 3.2

Measure 3.2.1 — FHFA tracks and evaluates weekly, monthly, and quarterly retained portfolio reports from the Enterprises to monitor compliance with the Senior Preferred Stock Purchase Agreements (PSPAs) and FHFA guidance. As part of the PSPA-related letter agreements, FHFA receives and evaluates weekly reports of sales and provides the reports to Treasury. For every \$4 billion of less liquid asset sales, FHFA provides Treasury a briefing on the sales. FHFA will verify this measure by using the monthly volume summary for each Enterprise and comparing the Unpaid Principle Balance to the Retained Portfolio cap.

Measure 3.2.2 — This measure is consistent with the 2016 Scorecard. FHFA and the Enterprises will track quarterly progress towards the annual goals using the Scorecard monitoring process. These results are maintained electronically.

Measure 3.2.3 — This measure is consistent with the 2016 Scorecard. Every quarter, FHFA tracks the results and status of the Scorecard. Per the Scorecard monitoring process, FHFA and the Enterprises will track quarterly progress towards the annual goals. These results are maintained electronically.

Measure 3.2.4 — This measure is consistent with the 2016 Scorecard. Every quarter, FHFA tracks the results and status of the Scorecard. Per the Scorecard monitoring process, FHFA and the Enterprises will track quarterly progress towards the annual goals. These results are maintained electronically.



C. Performance Goal 3.3: Build a New Single-Family Securitization Infrastructure

	Measure	Target	Goal Leader
3.3.1	Freddie Mac and Common Securitization Solutions (CSS) implementation of Release 1 of the Common Securitization Platform (CSP), which will allow Freddie Mac to use the Data Acceptance, Issuance Support, and Bond Administration modules to perform activities related to its current single-class, fixed-rate Participation Certificates (PCs) and Giant PCs and certain activities related to the underlying mortgage loans	December 31, 2016	Deputy Director, Division of Conservatorship
3.3.2	Issue a progress report on the status of the Single Security and the CSP	June 30, 2017	Deputy Director, Division of Conservatorship
3.3.3	Enterprise and CSS completion of key system testing of CSP Versions 10 and 11, which are required for implementation of the Single Security	June 30, 2017	Deputy Director, Division of Conservatorship

Means and Strategies for Performance Goal 3.3

During FY 2017, FHFA will use the following means and strategies in support of Performance Goal 3.3:

- Continue to work with the Enterprises to obtain and utilize public and industry input;
- Provide confirmation of CSS and Freddie Mac implementation of Release 1 of the CSP;
- Provide updated information for Single Security and CSP stakeholders; and
- Actively oversee and monitor the Enterprises and CSS completion of key testing plans, and the testing of both Enterprise and CSS systems.

Data Validation and Verification for Performance Goal 3.3

Measure 3.3.1 — CSS and Freddie Mac will submit evidence of Release 1 implementation to FHFA electronically. FHFA will confirm that Release 1 was implemented by CSS and Freddie Mac, and this confirmation will be maintained electronically.

Measure 3.3.2 — FHFA will develop and publish a progress report on the status of the Single Security and CSP. Publication of the progress report will be posted on FHFA’s website.



Measure 3.3.3 — The Enterprises and CSS will submit evidence of completion of key system testing of CSP Versions 10 and 11 electronically to FHFA. FHFA will complete an assessment of whether the Enterprises and CSS have completed key system testing of CSP Versions 10 and 11.

IV. Resource Management

Supporting the effective operations of the Agency

Strategic goals and target outcomes cannot be achieved without prudent and effective management of resources to ensure that the right people, funds, supplies, physical space, and technology are in place. In addition, achievement of FHFA's goals requires communication, collaboration, and coordination by all staff and across all offices and divisions within FHFA.

Human Capital

The Office of Human Resources Management (OHRM) provides personnel and payroll services to FHFA. In addition, OHRM provides leadership and employee development training through the FHFA Learning Academy.

Financial and Performance Management

The Office of Budget and Financial Management (OBFM) maintains FHFA's integrated accounting, financial, and contracting management systems. OBFM maintains a strong internal control and risk management program that includes financial management and other management and operating processes. To ensure that resources are managed effectively and efficiently, FHFA will use financial, contracting, and performance information to manage program operations and make improvements.

Diversity and Inclusion

The Office of Minority and Women Inclusion (OMWI) ensures diversity and inclusion in all employment, management, and business activities at FHFA, as well as programs to monitor the inclusion of minorities, women, and individuals with disabilities at the regulated entities and the OF. OMWI also ensures FHFA compliance with Equal Employment Opportunity laws and regulations.

Communications

The Office of Congressional Affairs and Communications (OCAC) is responsible for FHFA's external and internal communications activities. This includes relations with consumers, the



media, members of Congress, and outreach to stakeholders, the public, and FHFA staff. To increase awareness and understanding of Agency goals, programs, policies, work, and results, FHFA will continue to respond to inquiries from consumers, the media, members of Congress, and industry stakeholders, lead timely discussions, and communicate relevant information both internally and externally.

Information Technology

The Office of Technology and Information Management (OTIM) supports FHFA's mission by providing innovative technology solutions to its stakeholders. The office maintains the Agency's information technology (IT) infrastructure, oversees the IT security program, develops and maintains custom applications and data repositories, and manages technology resources, investments, acquisitions, and assets.

Facilities Operations

The Office of Facilities Operations Management (OFOM) provides day-to-day operational support in the form of physical security, environmentally friendly facilities management, mail services, emergency management, continuity planning, event coordination, and transportation services.



A. Resource Management: Supporting the Effective Operations of the Agency

	Measure	Target	Goal Leader
RM 1	FHFA’s financial statements’ audit receives an unmodified opinion with no material weaknesses and a Federal Information Security Management Act (FISMA) audit that identifies no significant deficiencies	100 percent	Chief Financial Officer Chief Information Officer
RM 2	Increase the percentage of FHFA contracts (in dollar terms) that are obligated to minority- and women-owned businesses consistent with legal standards	Increase percentage of the dollar value from previous fiscal year	Director, Office of Minority and Women Inclusion Chief Financial Officer
RM 3	Fill active and approved FY 2017 FHFA vacancies	80 percent of vacancies at beginning of fiscal year are filled or removed by the end of fiscal year	Director, Human Resources

Means and Strategies for Resource Management

During FY 2017, FHFA will use the following means and strategies in support of Resource Management:

Financial and Performance Management

- Ensure that financial statements fairly present FHFA’s financial position, its net cost of operations, changes in net position, and budgetary resources in accordance with U.S. generally accepted accounting principles;
- Assess the effectiveness of internal control over financial reporting, the efficiency and effectiveness of Agency operations, and compliance with applicable laws and regulations to evaluate and strengthen FHFA’s internal control environment, as appropriate;
- Review performance goals to identify and set annual performance measures and targets that are meaningful; and
- Track contracting actions to ensure timely completion.



Diversity and Inclusion

- Develop and implement an outreach plan for targeting minority- and women-owned businesses to participate in FHFA's contracting activities;
- Implement a program for reviewing contractor compliance with the Good Faith Effort requirements included in Agency contracts in accordance with FHFA policies;
- Engage with organizations that serve and support minority-, woman-, and disabled-owned businesses as potential business candidates with FHFA;
- Evaluate and track business registrations on the Doing Business with FHFA portal; and
- Deliver educational programs for staff that address the important role diversity and inclusion plays in procurement and business activities of the Agency.

Human Resources

- Institute consistent application of human resources practices by reviewing, revising, and implementing Human Resources policies and procedures;
- Collaborate with managers to provide consultation and advice on staffing, retention, succession planning, and performance management practices;
- Enhance recruitment processes and programs, e.g. effective position descriptions, and candidate sourcing methods to drive quality-of-hire (productive and engaged) outcomes;
- Leverage the Human Resources Information System to implement improved work processes, integrate data and systems, and provide human capital analytics to inform decision-making; and
- Collaborate with FHFA offices to identify, deliver, and evaluate the impact of targeted, competency-based learning events and organizational effectiveness engagements.

Congressional Affairs and Communications

- Develop and implement communication strategies regarding major Agency announcements and initiatives;
- Receive, track and monitor communication from consumers and resolve cases by working with the regulated entities;
- Interact with members of the media and strengthen social media presence to enhance understanding of FHFA's mission, supervision, and conservatorship goals and activities;



- Respond to inquiries from members of Congress, consumers, the media, and industry stakeholders with accurate and timely information;
- Ensure that consumers and taxpayers are able to access accurate and useful information about FHFA and its regulated entities through an easily accessible Agency website;
- Meet with Agency stakeholders and continue ongoing dialogue to share information important to them;
- Communicate FHFA's direction, expectations, and results to staff; and
- As requested, provide technical assistance to Congress regarding housing finance legislation;

Information Technology

- Identify technologies and tools to increase the productivity of FHFA staff;
- Ensure the high availability of critical computer systems to FHFA staff;
- Manage FHFA's technology resources, investments, and assets;
- Ensure security of the Agency's data and information systems;
- Develop strategic plans and goals for integrating advances in technology to improve the achievement of FHFA's mission; and
- Monitor and report Agency compliance with the Federal Information Security Management Act (FISMA).

Facilities Operations

- Maintain a safe, clean, and functional work environment;
- Maintain effective internal security controls within the FHFA controlled space; and
- Maintain a practical Continuity of Operations Plan to sustain the mission critical functions of FHFA.



Data Validation and Verification for Resource Management

Measure RM-1 — The Government Accountability Office’s (GAO) opinion on FHFA’s financial statements and the FHFA Office of the Inspector General’s (OIG) FISMA report will reflect whether any material weaknesses or significant deficiencies have been noted for the year. FHFA will receive the Independent Auditor’s Report, which GAO also publishes on its [website](#).⁵

Measure RM-2 — FHFA will obtain and analyze Agency contracting data, and will compare the FY 2017 totals to the FY 2016 totals to determine if the percentage of the dollar value of FHFA contracting actions obligated to minority- and women-owned businesses increased.

Measure RM-3 — FHFA will compare fiscal year-end vacancies with fiscal year beginning vacancies as detailed in the staffing plan. The year-end staffing report will be stored electronically.

Program Evaluations

FHFA management uses the budget formulation and execution processes to determine resource needs and reallocate resources to meet its strategic goals. FHFA’s Executive Committee on Internal Controls meets quarterly to review the results of internal and external program evaluations. The committee tracks and evaluates audit findings to determine if remediation has been implemented for FHFA activities. Committee activities provide input to FHFA’s determinations of the adequacy of internal controls under the Office of Management and Budget Circular A-123. The Office of Quality Assurance also performs internal reviews of various programs and functions.

Program evaluation is also an important feedback tool to ensure that FHFA’s activities are meaningful and effective. FHFA will monitor and track program performance and conduct program evaluations to ensure that FHFA’s goals are meaningful and the strategies for achieving them are effective. FHFA’s quarterly reviews of the performance measures serve as an opportunity for the Agency to assess performance collectively and consider corrective measures where necessary.

⁵ www.gao.gov



Additionally, the FHFA OIG plays a role in program evaluation by conducting reviews of various aspects of Agency operations. Under the requirements of HERA, the GAO also conducts financial statements audits and other reviews of FHFA. FHFA uses the findings and/or recommendations from OIG and GAO to implement improvements in its operations.

FHFA will also participate in new Office of Management and Budget initiatives and implement best practices designed to strengthen and improve performance across the federal government.

Cross-Agency Collaboration

FHFA will continue to work closely with the Financial Stability Oversight Council and its member agencies to identify emerging risks and mitigate systemic threats to the financial system through ongoing market surveillance and timely dissemination of information. The Agency regularly collaborates and coordinates activities with:

- Board of Governors of the Federal Reserve System
- Consumer Financial Protection Bureau
- Federal Deposit Insurance Corporation
- National Credit Union Administration
- Office of the Comptroller of the Currency
- State housing finance authorities
- State insurance commissions
- U.S. Commodity Futures Trading Commission
- U.S. Department of Housing and Urban Development
- U.S. Department of the Treasury
- U.S. Securities and Exchange Commission

