



ANNUAL PERFORMANCE PLAN FOR FISCAL YEAR 2018

March 2018 (amended)



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, which includes 11 Federal Home Loan Banks (FHLBanks or Banks) and the Office of Finance. The Agency's mission is to ensure that 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. 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 Federal Home Loan Bank 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 Federal Home Loan Banks, 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. Since the Enterprises were placed into conservatorships, the U.S. Department of the Treasury (Treasury Department) has provided essential financial commitments of taxpayer funding under the Senior Preferred Stock Purchase Agreement (PSPAs). Fannie Mae and Freddie Mac have drawn a combined total of \$187.5 billion in taxpayer support under the PSPAs to date. As of June 30, 2017, the Enterprises have paid the Treasury Department a total of \$270.9 billion in dividends on senior preferred stock. Under the terms of the PSPAs, the Enterprises' dividend payments do not offset the amounts drawn from the Treasury Department. FHFA continues to oversee these conservatorships.

FHFA's authority as both conservator and regulator of the Enterprises is based upon statutory mandates, 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) 2018 Annual Performance Plan (APP) supports the *FHFA Strategic Plan: Fiscal Years 2018-2022* (Strategic Plan), which was issued in January 2018. 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 2018 APP. The nexus between the Strategic Plan and the APP helps to ensure that FHFA priorities 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 2018. 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.

Strategic and Performance Goals

The FY 2018 APP details a series of performance measures, as well as 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, implement, and operate a new single-family securitization infrastructure and implement the Single Security Initiative

I. Strategic Goal 1: Ensure Safe and Sound Regulated Entities

As regulator of the FHLBank System and as 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 issues written standards in the form of advisory bulletins to the regulated entities, establishes expectations for strong risk management, identifies risks, and requires timely remediation of identified deficiencies.

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 the commencement of examinations for each of the FHLBanks and prior to January 31 for the Enterprises	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 (ROE) for regulated entities within 90 days of completing examination work for each of the FHLBanks and by March 31 for the Enterprises	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 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 2018, 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 annual risk assessments of the Enterprises;
- Hold an annual supervision planning meeting to identify priorities for the following year's risk-based 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 its supervisory strategy for each FHLBank following the completion of each FHLBank's examination. FHFA develops supervisory strategies and examination plans for the Enterprises on an annual basis. Supervisory strategies and examination plans are approved, dated, and maintained electronically.

Measure 1.1.2 — FHFA approves its report of examination (ROE) for each FHLBank within 90 days after an examination's exit meeting. FHFA approves its ROE for each Enterprise by March 31. Documentation of a 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 or equal to 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 maintained 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 DER examination guidance. QC reviews and the supporting examination work papers are documented and maintained 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 FHLBanks and Enterprises on counterparty risk management	Fiscal Year 2018	Deputy Director, Division of Bank Regulation Deputy Director, Division of Enterprise Regulation

Means and Strategies for Performance Goal 1.2

During FY 2018, FHFA will use the following means and strategies in support of Performance Goal 1.2:

- Review existing FHFA standards for counterparty risk management;
- Consider other regulatory agencies' standards for counterparty risk management in the financial services industry; and
- Use 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 — One or more advisory bulletins will be posted on FHFA’s 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 safety and soundness Matters Requiring Attention (MRAs) in accordance with agreed upon remediation plans and timeframes	90 percent of the time	Deputy Director, Division of Bank Regulation Deputy Director, Division of Enterprise Regulation

Means and Strategies for Performance Goal 1.3

During FY 2018, FHFA will use the following means and strategies in support of Performance Goal 1.3:

- 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;
- Engage with the regulated entities' management to discuss identified weaknesses and supervisory expectations for risk management during the course of ongoing monitoring and targeted examinations;
- Issue MRAs and cite violations of laws, regulations, or orders in accordance with FHFA and divisional guidance; and
- Monitor, review, and evaluate the regulated entities' implementation of corrective actions within agreed-upon timeframes.

Data Validation and Verification for Performance Goal 1.3

Measures 1.3.1 — Where there is a significant supervisory concern or violation of law, regulation, or order by one of the regulated entities, FHFA may issue an 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, regulation, or order. For purposes of this measure, FHFA will include MRAs related to the Affordable Housing Program in its calculation in addition to safety and soundness MRAs.

FHLBanks: Pursuant to FHFA's annual examination cycle for the FHLBanks, FHFA will complete its review of FHLBank remediation of MRAs. 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.

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. 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 an Enterprise submits to FHFA a closure package (which includes the internal audit function's validation) between June 1 of the prior fiscal year and May 31 of the current fiscal

year, FHFA will review the Enterprise’s actions and the internal audit function’s validation by the end of the fiscal year to determine whether the Enterprise has satisfactorily addressed the MRA.

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	Require the Enterprises to conduct at least one access-to-credit pilot program	Fiscal Year 2018	Deputy Director, Division of Housing Mission & Goals

Means and Strategies for Performance Goal 2.1

During FY 2018, FHFA will use the following means and strategies in support of Performance Goal 2.1:

- Oversee the Enterprises’ implementation of their respective access-to-credit initiatives;
- Continue encouraging the Enterprises to explore means to enable access to credit for underserved borrowers while maintaining safe and sound operations;
- Evaluate existing PMIERS and whether changes or updates are appropriate;
- Continue to review Enterprise transfers of mortgage servicing rights (MSRs) to ensure that the transactions meet the goals of conservatorship and are contributing to liquidity in the marketplace; and
- Assess the current mortgage servicing business model by reviewing challenges facing the mortgage servicing market and potential solutions for identified issues.

Data Validation and Verification for Performance Goal 2.1

Measure 2.1.1 — Each Enterprise will provide results of their pilot programs to FHFA. Documentation will be maintained electronically.

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 4 quarterly FHFA House Price Indices	Fiscal Year 2018	Deputy Director, Division of Housing Mission & Goals

Means and Strategies for Performance Goal 2.2

During FY 2018, FHFA will use the following means and strategies in support of Performance Goal 2.2:

- Calculate and publish monthly and quarterly House Price Index (HPI) information on FHFA’s website;
- Continue to assess opportunities to address credit access and develop recommendations for improvements where appropriate; and
- Analyze and define the characteristics and needs of future mortgage borrowers, such as, millennials, student loan debt holders, non-W-2 wage earners, minorities, and seniors.

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 which will contain a quarterly update.¹ The releases will occur on dates that have been pre-announced by the Agency and shown on the FHFA website. Prior to index publication, the HPI values will be reviewed and validated by an internal team, including validation of the underlying data to ensure that the indices are published using the standard “repeat-transactions” methodology.

¹ www.fhfa.gov/DataTools/Downloads/pages/house-price-index.aspx

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	FHFA will conduct diversity and inclusion examinations of the Enterprises and the FHLBanks	10 examinations during Fiscal Year 2018	Director, Office of Minority and Women Inclusion
2.3.2	Issue final rule for Enterprise housing goals for 2018–2020	Fiscal Year 2018	Deputy Director, Division of Housing Mission & Goals
2.3.3	Issue final rule for Federal Home Loan Bank Affordable Housing Program	Fiscal Year 2018	Deputy Director, Division of Housing Mission & Goals

Means and Strategies for Performance Goal 2.3

During FY 2018, FHFA will use the following means and strategies in support of Performance Goal 2.3:

- Monitor and evaluate the FHLBanks’ and the Office of Finance’s outreach efforts to advance diversity and inclusion on their respective boards of directors;
- Provide training and technical assistance to the regulated entities and the Office of Finance on the new Minority and Women Inclusion regulatory requirements at 12 CFR 1223;
- Conduct examinations of the regulated entities’ diversity and inclusion programs;
- Develop a final rule for the Enterprises’ housing goals for 2018–2020;
- Review plans for the Enterprises’ Duty to Serve manufactured housing, affordable housing preservation, and rural markets and oversee plan implementation;
- After issuing a proposed rule, develop final rule for the Federal Home Loan Bank Affordable Housing Program; and
- Assess the FHLBanks’ Affordable Housing Program and Acquired Member Assets Program.

Data Validation and Verification for Performance Goal 2.3

Measure 2.3.1 — FHFA will issue summaries documenting each diversity and inclusion examination, which will be integrated into written communications and ROEs issued in

accordance with the Enterprises’ and FHLBanks’ examination cycles. Diversity and inclusion examination summaries are approved and maintained electronically.

Measure 2.3.2 — FHFA will issue a final rule for the Enterprises’ 2018–2020 housing goals, and the final rule will be published on FHFA’s website.²

Measure 2.3.3 — After issuing a proposed rule, FHFA will issue a final rule for the Federal Home Loan Bank Affordable Housing Program. The final rule will be published on FHFA’s website.³

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 support the development, implementation, and operation of a 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	2018 Scorecard for Fannie Mae, Freddie Mac, and Common Securitization Solutions provided to the Enterprises	December 31, 2017	Deputy Director, Division of Conservatorship
3.1.3	Conservator decisions on Enterprises’ administrative expenses for Calendar Year 2018	January 31, 2018	Deputy Director, Division of Conservatorship
3.1.4	Monitor and rate the Enterprises’ performance against current Scorecard objectives	Complete quarterly assessment within 30 days of the end of each quarter	Deputy Director, Division of Conservatorship

² www.fhfa.gov/SupervisionRegulation/RegulationFederalRegister/Pages/Rules-Notices.aspx

³ Ibid

Measures		Target	Goal Leader
3.1.5	Provide timely responses on items submitted to FHFA for conservator decision.	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 2018, 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 2018 Scorecard to implement the 2014 Strategic Plan for the Conservatorships of Fannie Mae and Freddie Mac;⁴
- Evaluate performance of the Enterprises and the Common Securitization Solutions on the 2017 and 2018 Scorecards on a quarterly basis;
- Ensure that FHFA has an effective process in place to respond promptly to matters that are submitted by the Enterprises for conservator decisions;
- Continue to undertake and defend legal actions that preserve Enterprise assets, protect conservatorship and Agency interests, and recover Enterprise losses;
- Require each Enterprise to submit a proposed budget to FHFA in sufficient time to allow FHFA to reach a conservator decision by January 31, 2018; and
- Monitor internal risk reporting across the single-family, multifamily, and retained portfolio/capital markets functions capturing key risks as reported by the Enterprises and FHFA, and summarize risks in a standard report.

⁴ <https://www.fhfa.gov/AboutUs/Reports/Pages/2014-Conservatorships-Strategic-Plan.aspx>

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 2018 Scorecard. The 2018 Scorecard will be transmitted to the Enterprises and posted on the Agency's website.⁵

Measure 3.1.3 — FHFA, in its role as conservator, reviews the Enterprises proposed annual budgets. FHFA will transmit the decision regarding calendar year 2018 proposed budgets to the Enterprises. Conservator decisions will be transmitted electronically to the Enterprises and maintained electronically.

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 — While FHFA as conservator authorizes the Enterprises' boards of directors and senior management to oversee and carry out the day-to-day operations of the companies, FHFA has carved out actions of the Enterprises that require an advance decision by or notification to the conservator. FHFA provides timely responses to the Enterprises on actions that require conservator decisions. Conservator decisions will be transmitted electronically to the Enterprises and maintained electronically.

⁵ www.fhfa.gov/Conservatorship/Pages/Reports.aspx

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 \$288.4 billion	December 31, 2017	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	Transfer a meaningful portion of credit risk on at least 80 percent of the UPB of newly acquired multifamily mortgages	Deputy Director, Division of Housing Mission & Goals

Means and Strategies for Performance Goal 3.2

During FY 2018, 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;
- Direct the Enterprises to determine the feasibility of transacting additional approved types of credit risk transfer structures for multifamily mortgages to determine their: (a) market acceptance; (b) effectiveness at transferring credit risk; and (c) ability to expand the scale of the transfer initiatives. Based on the feasibility assessment, the Enterprises may execute additional risk transfers; and
- Work with the Enterprises to implement their non-performing loan sale programs.

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. 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 Principal Balance to the Retained Portfolio cap. Documentation will be maintained electronically.

Measure 3.2.2 — This measure will be aligned with the related measure included in the 2017 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 will be aligned with the related measure included in the 2017 Scorecard. FHFA and the Enterprises will track quarterly progress towards the annual goals using the Scorecard monitoring process. These results are maintained electronically.

C. Performance Goal 3.3: Build, Implement, and Operate a New Single-family Securitization Infrastructure and Implement the Single Security Initiative.

	Measure	Target	Goal Leader
3.3.1	Issue a progress report on the status of the Single Security Initiative and the Common Securitization Platform (CSP)	June 30, 2018	Deputy Director, Division of Conservatorship
3.3.2	Enterprise and Common Securitization Solutions (CSS) completion of system-to-system testing of CSS, which is required for implementation of the Single Security Initiative	June 30, 2018	Deputy Director, Division of Conservatorship

Means and Strategies for Performance Goal 3.3

During FY 2018, 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 updated information to the public about Single Security Initiative and CSP; and

- Actively oversee and monitor the Enterprises' and CSS' testing of both Enterprise and CSS systems and operations.

Data Validation and Verification for Performance Goal 3.3

Measure 3.3.1 — FHFA will develop and publish a progress report on the status of the Single Security Initiative and CSP. Publication of the progress report will be posted on FHFA's website.⁶

Measure 3.3.2 — The Enterprises and CSS will submit evidence of completion of system-to-system testing of CSP electronically to FHFA. FHFA will complete an assessment of whether the Enterprises and CSS have completed system-to-system testing of CSP. Results will be maintained electronically.

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, security, 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 for 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 maintains FHFA's integrated accounting, financial, and contracting management systems. To ensure that resources are managed effectively and efficiently, FHFA will use financial, contracting, and performance information to manage program operations and make improvements.

⁶ www.fhfa.gov/Conservatorship/Pages/Reports.aspx

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 Office of Finance. OMWI also ensures FHFA compliance with Equal Employment Opportunity laws and regulations.

Communications

The Office of Congressional Affairs and Communications is responsible for FHFA's external and internal communications activities. To increase awareness and understanding of Agency goals and programs, FHFA will continue to respond to inquiries from consumers, the media, members of Congress, industry stakeholders, the public, and FHFA staff.

Information Technology

The Office of Technology and Information Management supports FHFA's mission by providing innovative technology solutions to the Agency. 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

The Office of Facilities Operations Management provides day-to-day operational support in the form of physical security, environmentally friendly facilities management, mail services, emergency management, continuity planning, event coordination, supply management, transportation, and parking 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 Modernization Act (FISMA) audit that identifies no significant deficiencies	100 percent	Chief Financial Officer Chief Information Officer
RM 2	Increase the dollar amount of FHFA contracts awarded to minority- and women-owned businesses consistent with legal standards	Total dollar amount of contracts greater than the five year average	Director, Office of Minority and Women Inclusion Chief Financial Officer
RM 3	Fill active and approved fiscal year 2018 FHFA vacancies	80 percent of vacancies at beginning of fiscal year are filled, determined to be inactive, or removed by the end of fiscal year	Director, Human Resources

Means and Strategies for Resource Management

During FY 2018, FHFA will use the following means and strategies in support of Resource Management:

Human Capital

- 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 to drive quality-of-hire (productive and engaged) outcomes; and
- Collaborate with FHFA offices to identify, deliver, and evaluate the impact of targeted, competency-based learning events and organizational effectiveness engagements.

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

- 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;
- Develop guidance for executives, managers, and supervisors for meeting the Agency required diversity and inclusion competencies in support of equal employment opportunity related principles, policies, and programs; and
- Develop on-site registration process for minority- and women-owned vendors for use at OMWI-sponsored outreach events.

Communications

- Develop and implement communication strategies regarding major Agency announcements and initiatives to ensure Agency stakeholders have information that is important to them;
- Communicate with members of Congress, consumers, the media, and industry stakeholders with appropriate, accurate, and timely information to facilitate understanding of FHFA's mission, supervision, and conservatorship goals and activities;
- Ensure that the public is able to access accurate and useful information about FHFA and its regulated entities through an easily accessible Agency website and respond appropriately to consumers and resolve cases by working with the regulated entities; and

- Facilitate internal FHFA communication with up-to-date information on announcements, developments and events relevant to the Agency employees.

Information Technology

- Ensure critical computer systems are readily available to staff with minimal downtime and identify technologies and tools to increase the productivity of FHFA staff;
- Manage FHFA's technology resources, investments, and assets;
- Ensure security of the Agency's data and information systems; and
- Monitor and report Agency compliance with the Federal Information Security Modernization Act (FISMA).

Facilities

- 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 at www.gao.gov.

Measure RM-2 — FHFA will obtain and analyze Agency contracting data for the last five years and will compare the average value with fiscal year 2018 totals to determine if the percentage of the dollar value in contracting actions obligated to minority- and women-owned businesses increased. Contracting reports will be maintained electronically.

Measure RM-3 — FHFA will compare fiscal year-end vacancies with fiscal year beginning vacancies to determine if 80 percent of vacancies at beginning of fiscal year are filled, determined to be inactive, or removed by the end of fiscal year. Fiscal year-end vacancies are detailed in the staffing plan. The year-end staffing report will be maintained 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.

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 statement audits and other reviews of FHFA. FHFA uses the findings and/or recommendations from the OIG and GAO to implement improvements in its operations.

FHFA will also participate in new Office of Management and Budget initiatives to 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