



FEDERAL HOUSING FINANCE AGENCY
Office of the Director

October 25, 2011

Mr. Charles E. Haldeman, Jr.
Chief Executive Officer
Freddie Mac
8200 Jones Branch Drive
McLean, VA 22102-3107

RE: Freddie Mac's Housing Goals Performance for 2010

Dear Mr. Haldeman:

The Federal Housing Finance Agency (FHFA) has reviewed Freddie Mac's performance under the Enterprise housing goals for 2010 and is providing this notice pursuant to section 1336 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act), as amended by the Housing and Economic Recovery Act of 2008.

As specified in 12 C.F.R. § 1282.12, the single-family housing goals include both a benchmark level and a market level determined by FHFA based on its analysis of Home Mortgage Disclosure Act data for 2010. Freddie Mac meets a single-family housing goal if its official performance exceeds either the benchmark level or the market level as determined by FHFA. FHFA evaluated Freddie Mac's performance on the single-family housing goals based on the following numbers:

Single-Family Housing Goals	Benchmark level – 2010	Market level – 2010	Freddie Mac Official Performance Results – 2010
Low-Income Home Purchase Goal	27%	27.2%	27.84%
Very Low-Income Home Purchase Goal	8%	8.1%	8.42%
Low-Income Areas Home Purchase Goal	24%	24.0%	23.82%
Low-Income Areas Home Purchase Subgoal	13%	12.1%	10.81%
Low-Income Refinance Goal	21%	21.5%	22.03%

For each housing goal, the percentages shown above reflect the proportion of mortgages that met the criteria for that goal. A housing unit may count towards more than one goal or subgoal in the performance year. The home purchase goals are based on Freddie Mac's acquisitions of purchase money mortgages, while the refinance goal is based on Freddie Mac's acquisitions of refinance mortgages.

Based on the above information, FHFA has determined that Freddie Mac achieved the low-income home purchase goal, the very low-income home purchase goal, and the low-income refinance goal for 2010. Although Freddie Mac came close to achieving the low-income areas home purchase goal, FHFA has preliminarily determined that Freddie Mac failed to meet the low-income areas home purchase goal and subgoal for 2010.

Unlike the single-family housing goals, the multifamily housing goals are based solely on benchmark levels established in advance by FHFA in 12 C.F.R. § 1282.13. For 2010, those benchmark levels and Freddie Mac's official performance were as follows:

Multifamily Housing Goals	Goal target – 2010	Freddie Mac Official Performance Results – 2010
Low-Income Multifamily Goal	161,250	161,500
Very Low-Income Multifamily Subgoal	21,000	29,656

On December 8, 2010, FHFA notified Freddie Mac of its determination that there was a substantial probability that Freddie Mac would fail to meet its low-income multifamily goal for 2010. By letter dated January 14, 2011, Freddie Mac submitted its own analysis of the feasibility of this goal and requested that FHFA find this goal infeasible for 2010. Based on subsequent analysis of Freddie Mac's multifamily purchases, FHFA has determined that Freddie Mac achieved both multifamily goals for 2010.

Given that this is the first year under which FHFA utilized the benchmark or market level for the housing goals and that the Enterprises continue to operate under conservatorship, FHFA will not be requiring housing plans for goals that the Enterprises did not achieve. FHFA will undertake further analysis to better understand what factors are driving the deviations from market performance.

In terms of FHFA's final determination of compliance, under section 1336(b)(2) of the Safety and Soundness Act, Freddie Mac has 30 days to submit any written information that it wishes FHFA to consider in making a final determination about Freddie Mac's compliance with the single-family housing goals. In order to expedite its final determination, FHFA requests that Freddie Mac submit any such written information no later than November 4, 2011.

If you have any questions, please contact Brian Doherty, Manager, Housing and Regulatory Policy, at 202-408-2991.

Sincerely,



Edward J. DeMarco
Acting Director