



Federal Housing Finance Agency

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November 16, 2012

Robert Tsien
Senior Vice President
Mission and Strategy
Freddie Mac
8200 Jones Branch Road
McLean, VA 22102

Dear Mr. Tsien:

On November 13, 2012 the Federal Housing Finance Agency (FHFA) published a final rule in the *Federal Register* establishing housing goals for 2012-14 for Freddie Mac.

The final rule provides that the overall low-income areas benchmark goal shall include the 11 percent benchmark for the subgoal plus an increment for families in disaster areas with incomes no greater than area median income (AMI). The disaster areas increment for 2012 is 9 percent (as indicated on page 67550 of the November 13, 2012 final rule), thus the overall low-income areas home purchase goal for 2012 is 20 percent.

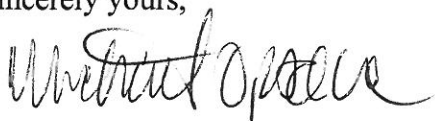
The disaster areas increment to the low-income areas home purchase subgoal was calculated by determining all counties which were designated as being eligible for individual assistance during the 2009-11 period. This included 857 counties (or county-equivalents) in 33 states and 34 municipios in Puerto Rico. No counties were included in the other 17 states, and the District of Columbia was also not designated as being eligible for individual assistance during this period.

Home purchase mortgages to families in these areas with incomes no greater than 100 percent of area median income, but which were not already included in the low-income areas home purchase subgoal, were calculated as a share of all home purchase mortgages, based on FHFA analysis of Home Mortgage Disclosure Act (HMDA) data for 2009-11. This yielded the 9 percent disaster areas increment for 2012.

The Market Estimation Model published by FHFA with the 2010-11 final rule on September 14, 2010 provides additional detail on FHFA's method for calculating of the disaster areas increment. This Market Estimation Model is available on FHFA's website (<http://www.fhfa.gov>). In particular, Table 9 of that document gave the details of these calculations for 2010. The methodology is the same for these calculations for 2012, but the specific numbers differ from those for 2010. I have attached a spreadsheet showing these calculations for 2012.

If you have any questions, please contact me or Paul Manchester. We can be reached at Michael.Opsahl@fhfa.gov (202) 649-3169 or Paul.Manchester@fhfa.gov (202) 649-3115.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Michael Opsahl". The signature is fluid and cursive, with the first name "Michael" written in a larger, more prominent script than the last name "Opsahl".

Michael Opsahl
Single-Family Policy Director
Office of Housing and Regulatory Policy

Attachment

Estimated Impact on the Low-Income Areas Housing Goal from Designated Disaster Areas (DDAs) for 2012

		Low-Income Area Home Purchase Goal Categories ¹								
		(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Percent of Area Median Income	Percent Minority Population in the Census Tract	Designated Disaster Area	Borrower Income as a Percentage of the Area Median	Average 2007-2011 Loan Distribution	Percent by Borrower Income	2007-11 Average Tract Distribution ²	2012 DDA Tract Distribution ³	Percent Change in Tracts	Adjusted Average 2007-2011 Loan Distribution	Distribution Based on 2012 Market Size Estimates
<= 80%	n/a	n/a	<= 100%	6.4%	56.5%	18,615	18,615	0.0%	6.4%	5.0%
			> 100%	4.8%	42.0%				4.8%	3.7%
> 80%, but < 100%	>= 30%	n/a	unknown	0.2%	1.5%				0.2%	0.1%
			<= 100%	2.8%	46.6%	5,710	5,710	0.0%	2.8%	2.2%
> 80%, but < 100%	< 30%	No	> 100%	3.3%	53.4%				3.3%	2.5%
			<= 100%	4.6%	52.9%	8,049	8,710	5.2%	4.8%	3.7%
> 80%, but < 100%	< 30%	Yes	> 100%	4.0%	45.7%				4.1%	3.2%
			unknown	0.1%	1.4%				0.1%	0.1%
> 80%, but < 100%	< 30%	Yes	<= 100%	3.5%	54.7%	4,752	4,091	-5.2%	3.4%	2.6%
			> 100%	2.9%	45.3%				2.8%	2.2%
> 100%	n/a	No	<= 100%	12.1%	33.6%	16,375	19,012	9.2%	12.9%	17.4%
			> 100%	23.3%	64.9%				25.2%	33.9%
> 100%	n/a	Yes	unknown	0.5%	1.5%				0.5%	0.7%
			<= 100%	9.5%	31.5%	12,204	9,567	-9.2%	8.6%	6.6%
Unknown	n/a	No	> 100%	20.6%	68.5%				18.7%	14.4%
			<= 100%	0.0%	0.6%	267	260	-1.6%	0.0%	0.0%
Unknown	n/a	Yes	> 100%	0.0%	100.0%				0.0%	0.0%
			unknown	1.2%	99.4%				1.2%	1.6%
Unknown	n/a	Yes	<= 100%	0.0%	21.8%	173	180	1.6%	0.0%	0.0%
			> 100%	0.0%	78.2%				0.0%	0.0%
		Totals		100.0%		66,145	66,145		100.0%	100.0%
		Low-Income and High Minority Areas		14.3%		24,325	24,325		14.3%	11.0%
		Additional from Designated Disaster Areas		13.0%		17,129	13,838		12.0%	9.2%

¹ Bold indicates operable categories that qualifies mortgages in the numerator of the goal.

² A combined three year census tract distribution is calculated for each of the three years (e.g. the 2007 distribution includes disasters declared in 2004, 2005 and 2006). The the 2007 through 2011 distributions are averaged together to obtain a "long-run" average.

³ The combined three year census tract distribution for 2012 includes disasters declared in 2009, 2010 and 2011.