



FHFA Compliance Plan for OMB Memorandum M-25-21

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PURPOSE

The [AI in Government Act of 2020](#) and [OMB Memorandum M-25-21, Accelerating Federal Use of AI through Innovation, Governance, and Public Trust](#), direct each federal agency to submit to the Office of Management and Budget (OMB) and post publicly on its website either a plan to achieve consistency with OMB Memorandum M-25-21, or a written determination that the agency does not use and does not anticipate using covered Artificial Intelligence (AI).

This AI Compliance Plan (Plan) outlines how the Federal Housing Finance Agency (FHFA) will achieve consistency with OMB Memorandum M-25-21 to ensure responsible AI innovation within the Agency while advancing FHFA's mission to ensure that Fannie Mae and Freddie Mac (the Enterprises) and the Federal Home Loan Banks (FHLBanks, and together, the regulated entities) fulfill their mission by operating in a safe and sound manner to serve as a reliable source of liquidity and funding for housing finance and community investment. The Plan contains the information required to satisfy Section 3(b)(ii) of OMB Memorandum M-25-21 and Section 104(c) of the AI in Government Act of 2020.

1. DRIVING AI INNOVATION

Removing Barriers to the Responsible Use of AI

FHFA relies heavily on information technology (IT) and data. IT enables FHFA to process and understand the massive amounts of data and complex economic models vital to developing insights about the regulated entities' impact on the mortgage market, as well as any resulting impacts on families, communities, and the broader economy. IT also helps FHFA create safer, faster, and more efficient Agency operations and share data and information with other government agencies and research organizations.

- **IT and Data Infrastructure**

As laid out in FHFA's FY2024-2026 [Information Resources Management Plan](#), FHFA is working to modernize its IT and data infrastructure to better accommodate and integrate AI technologies, reduce technical difficulties, and foster innovation. FHFA is working to improve data management practices by implementing standardized protocols to ensure data quality and consistency, which are essential for effective AI deployment.

FHFA also values its workforce and will continue to invest in professional development as the Agency modernizes its architecture.

FHFA foresees several actions to remove barriers to responsible innovation:

- **Barrier Identification:** Conduct comprehensive reviews to identify barriers to AI adoption, including issues related to data access, technical infrastructure, and organizational readiness.
- **Mitigation Strategies:** Develop and implement strategies to address these barriers, such as enhancing data governance frameworks, investing in AI infrastructure, and providing targeted staff training.
- **Resource Allocation:** Ensuring necessary resources, including software tools, open-source libraries, and deployment and monitoring capabilities, to support responsible AI use.

AI Sharing and Collaboration

FHFA actively promotes and implements best practices in AI. To ensure a consistent and unified approach to AI governance, innovation, and risk management, FHFA is undertaking actions to harmonize AI requirements across the Agency:

- **Internal AI Sharing:** FHFA leverages members of its AI Steering Committee as a collaboration and sharing mechanism within the Agency.
- **Interagency Coordination:** FHFA engages in interagency coordination efforts to align the Agency's AI strategies and policies with those of other federal agencies, promoting a coherent and collaborative approach to AI use.
 - FHFA's Chief AI Officer participates in the CAIO Council and related working groups.
 - FHFA's Chief AI Officer participates in monthly meetings with other Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) agencies, to exchange knowledge and foster collaborative approaches to AI integration and oversight.

AI Talent

FHFA plans to offer AI training to its staff through a blend of tailored educational programs and government-specific initiatives. This includes leveraging existing government-sponsored programs, such as the General Services Administration's (GSA) training resources, to provide targeted AI education. These programs include workshops and courses designed to address the unique needs and regulatory contexts of government agencies, ensuring that the training is both relevant and applicable.

Building and maintaining a skilled AI workforce is crucial for advancing responsible AI innovation. FHFA is currently working to identify resource needs as part of its multi-year workforce planning activities.

2. IMPROVING AI GOVERNANCE

Establishing governance structures to provide a clear and organized approach to managing AI activities within FHFA is essential to ensuring that all aspects of AI are used responsibly through oversight and effective implementation.

Agency Policies

FHFA reviews its IT infrastructure, cybersecurity, data, and privacy policies on an ongoing basis. Those policies will be reviewed per OMB Memorandum M-25-21 guidance to further facilitate responsible AI use. The Agency is also collaborating with other federal agencies to develop best practices and explore additional policies, as appropriate, around generative AI usage.

AI Use Case Inventories

Section 3(b)(v) of OMB Memorandum M-25-21 requires that each agency individually develop an inventory of each of its AI use cases at least annually, submit the inventory to OMB, and post a public version on the agency's website.

The creation and maintenance of [FHFA's AI Use Case Inventory](#) is critical to ensuring that FHFA comprehensively understands where and how AI technologies are used across the Agency.

In accordance with the [2023 National Defense Authorization Act](#) (NDAA) and [Executive Order 13960, Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government](#), which requires agencies to prepare an inventory of non-classified and non-sensitive current and planned AI use cases, FHFA publicly released its initial AI Use Case Inventory on August 24, 2023. On December 16, 2024, FHFA issued an updated inventory of AI use cases. The next AI Use Case Inventory is expected to be published in November 2025.

Process for Soliciting and Collecting AI Use Cases

FHFA implemented a process for soliciting and collecting current AI use cases across all Agency divisions and offices. This process relies on the AI Steering Committee, which is represented by leadership and staff from across FHFA. Committee members are responsible for surveying their respective divisions and offices for AI use cases, collecting the requisite information, and identifying potentially high-impact AI use cases. FHFA's Chief AI Officer collates the use case information and reviews for accuracy, completeness, and consistency with OMB requirements.

Process for Annual Review and Validation

FHFA reviews and validates the AI use cases in its inventory annually to ensure accuracy and relevance. This process includes an annual assessment of the AI use case inventory to identify any necessary changes or updates.

Ensuring a Comprehensive and Complete Inventory

To ensure that the Agency's AI use case inventory is comprehensive and complete, FHFA employs several strategies including:

- **AI Steering Committee:** As described above, FHFA leverages the AI Steering Committee, which is represented by leadership and staff from across the Agency, to collect AI use cases.
- **Documentation and Tracking:** FHFA documents and tracks all AI use cases to ensure they are accurately represented in the inventory.

3. FOSTERING PUBLIC TRUST IN FEDERAL USE OF AI

Currently, FHFA does not have AI use cases that it deems "high-impact" as defined in Section 4 of OMB Memorandum M-25-21. As part of the use case inventory development process, FHFA will ensure that each current and planned AI use case is reviewed to assess whether it meets the definition of "high-impact AI" defined in Section 4 of OMB Memorandum M-25-21.

Implementation of Risk Management Practices and Termination of Non-Compliant AI

FHFA's Office of Planning, Performance, and Risk is currently developing an AI Risk Profile for the Agency. That work includes the identification of novel or increased risks due to the increased use of this technology. The AI Risk Profile will be reviewed by the Agency's risk owners and the AI Steering Committee prior to presenting it to FHFA senior leadership for review and approval. Risk mitigation actions involving Agency policy recommendations would be reviewed by the AI Steering Committee and any recommendations would be presented to senior Agency leadership.