

# **Federal Housing Finance Agency**



**Annual Performance Plan for Fiscal Year  
2015**

## **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.

## **FHFA's Values**

- |                   |                                                                                                                                           |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Respect</b>    | We strive to act with respect for each other, share information and resources, work together in teams, and collaborate to solve problems. |
| <b>Excellence</b> | We aspire to excel in every aspect of our work and to seek better ways to accomplish our mission and goals.                               |
| <b>Integrity</b>  | We are committed to the highest ethical and professional standards to inspire trust and confidence in our work.                           |
| <b>Diversity</b>  | 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 12 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).

### **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 (FHLBank System) and Fannie Mae and Freddie Mac 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.

**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 conservatorship. Since they were placed into conservatorship, Fannie Mae and Freddie Mac together have received \$187.5 billion in taxpayer support under the Senior Preferred Stock Purchase Agreements (PSPA) executed with the U.S. Department of the Treasury. 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 conservatorship also incorporates the above-referenced responsibilities that are enumerated in 12 U.S.C. § 4513(a)(1). Additionally, under the Emergency Economic Stabilization Act of 2008 (EESA), 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) 2015 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, [www.fhfa.gov/AboutUs/reportsplans](http://www.fhfa.gov/AboutUs/reportsplans). The APP sets out performance measures and targets in support of the goals and objectives in the Strategic Plan.

FHFA's APP has four major components: (1) strategic goals, (2) performance goals, (3) performance measures, 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 2015 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 the strategic goals.

The **performance measures** and the associated targets are those measures that FHFA expects to achieve during FY 2015. 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 2015 APP details a series of performance measures and means and strategies to support the following three strategic goals and performance goals:

<b>Strategic Goal 1:</b>	<b>Performance Goals</b>	
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
<b>Strategic Goal 2:</b>	<b>Performance Goals</b>	
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, and in all geographic locations, and for qualified borrowers
<b>Strategic Goal 3:</b>	<b>Performance Goals</b>	
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

## 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 on-site examinations at the regulated entities, ongoing risk analysis, 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.

<b>Performance Goal 1.1</b>			
Assess the safety and soundness of regulated entity operations			
<b>Measure</b>		<b>Target</b>	<b>Goal leader</b>
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, Enterprise Regulation  Deputy Director, FHLBank Regulation
1.1.2	Provide Reports of Examination to regulated entities within 90 days of completing examination work.	100 percent of the time	Deputy Director, Enterprise Regulation  Deputy Director, FHLBank Regulation
1.1.3	The FHLBanks maintain a quarterly Market Value of Equity (MVE)-to-Par-Stock ratio greater than or equal to one.	100 percent of the time	Deputy Director, FHLBank Regulation
1.1.4	Determine the quarterly capital classification for each FHLBank and communicate the results to the FHLBanks by the end of the following quarter.	100 percent of the time	Deputy Director, FHLBank Regulation

### **Means and Strategies for Performance Goal 1.1**

During FY 2015, FHFA will use the following means and strategies in support of Performance Goal 1.1:

- Conduct examination work for each regulated entity in accordance with examination plans, drawing on subject matter experts as needed;
- Conduct targeted examinations on specific programs or issues of the regulated entities;
- Perform ongoing monitoring and off-site analyses of key risk areas;
- 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 identifying emerging risks across all risk disciplines;
- Document semiannual risk assessments of the Enterprises (to include credit risk, market risk, and operational risk);
- Hold annual supervision planning meeting to identify priorities for the following year's examinations of the FHLBanks;
- Hold annual supervision planning meetings and mid-year update meetings to set priorities for examinations of the Enterprises;
- Coordinate input from subject matter experts from various FHFA divisions in developing supervisory strategies and examination plans and providing expectations for remedial actions;
- Conduct targeted examinations on specific programs or issues of the regulated entities; and
- Perform quality control of examination work, consistent with internal agency procedures.

### **Data Validation and Verification for Performance Goal 1.1**

Measure 1.1.1 - The Division of Enterprise Regulation (DER) develops supervisory strategies for the Enterprises on an annual basis. The Division of Bank Regulation (DBR) develops its supervisory strategy for each FHLBank following the completion of each FHLBank's examination. Each strategy creates supervisory priorities, which are developed by analyzing prior supervisory work and assessing emerging risks. The supervisory strategies are reviewed by internal stakeholders. Examination plans are developed from the supervisory strategies and guide annual examination activities for each regulated entity.

Measure 1.1.2 - Supervision work is carefully documented and areas of weakness are reported to the regulated entities through Reports of Examination and other correspondence. Remedial efforts are reviewed and evaluated by supervision staff.



Measures 1.1.3 and 1.1.4 - FHFA monitors the capital positions of the FHLBanks and their compliance with capital regulations. Call Report data are used to determine Market Value of Equity as well as capital compliance. The Call Report System automatically and regularly calculates capital compliance. A letter to each FHLBank communicates the capital classification by the end of the following quarter.

<b>Performance Goal 1.2</b>			
Identify risks to the regulated entities and set expectations for strong risk management			
<b>Measure</b>		<b>Target</b>	<b>Goal leader</b>
1.2.1	Issue written standards and criteria to the regulated entities for fraud reporting and fraud risk management.	Fiscal Year 2015	Deputy Director, Enterprise Regulation  Deputy Director, FHLBank Regulation
1.2.2	Issue guidance to the Enterprises on seller/servicer risk management.	December 31, 2014	Deputy Director, Enterprise Regulation

**Means and Strategies for Performance Goal 1.2**

During FY 2015, FHFA will use the following means and strategies in support of Performance Goal 1.2:

- Coordinate input from subject matter experts from various FHFA divisions, as well as feedback from the regulated entities, in developing advisory bulletins;
- Solicit input from internal and external stakeholders regarding FHFA’s written guidance to the regulated entities;
- Perform ongoing monitoring and off-site analyses of key risk areas;
- Develop examiner guidance for reviewing key risk areas (e.g., credit, market, and operational risk);
- Conduct the annual FHFA Supervision Conference;
- Educate supervision staff on current and emerging risks through internal and external training programs;
- Continue to strengthen the examiner commissioning program for housing finance examiners;
- Effectively process new business activity requests from the FHLBanks; and
- Continue dialogue with the FHLBanks to develop appropriate measures of mission fulfillment.

## Data Validation and Verification for Performance Goal 1.2

Measures 1.2.1 and 1.2.2 - Guidance for effective risk management practices is issued to the regulated entities, generally in the form of publically released advisory bulletins.

<b>Performance Goal 1.3</b>			
Require timely remediation of risk management weaknesses			
<b>Measure</b>		<b>Target</b>	<b>Goal leader</b>
1.3.1	Regulated entities complete remedial action for MRAs within agreed upon timeframes.	90 percent of the time	Deputy Director, Enterprise Regulation  Deputy Director, FHLBank Regulation

## Means and Strategies for Performance Goal 1.3

During FY 2015, FHFA will use the following means and strategies in support of Performance Goal 1.3:

- Issue written communication to boards of directors and senior management of the regulated entities;
- Issue Matters Requiring Attention (MRAs), cite violations of laws, regulations, or orders, and monitor remediation; and
- Pursue enforcement actions when deficiencies are severe or the regulated entity is resistant to remediation.

## Data Validation and Verification for Performance Goal 1.3

Measure 1.3.1 - FHFA discusses MRAs with Enterprise management and communicates them in writing. The Enterprises address MRAs through preparation and execution of remediation plans. FHFA reviews proposed plans and completed work to determine whether identified deficiencies have been addressed. FHFA tracks remediation and closure of MRAs.

All FHLBanks' Reports of Examination contain a summary of examination issues identified and MRAs, which include follow-up dates by which the FHLBanks are to resolve the identified issues. For the FHLBanks, DBR discusses each MRA with the board of the relevant FHLBank or the Office of Finance. When resolved to FHFA's satisfaction, DBR informs the FHLBank and closes the MRA.

The target is considered met when FHFA confirms that identified weaknesses have been remediated within the agreed upon timeframe.

## 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 enable “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.

Performance Goal 2.1			
Ensure liquidity in mortgage markets			
Measure		Target	Goal Leader
2.1.1	Review and communicate to the public results of request for input on Fannie Mae and Freddie Mac guarantee fees.	Fiscal Year 2015	Deputy Director, Housing Mission & Goals
2.1.2	Publish proposed Duty to Serve rule in the Federal Register.	Fiscal Year 2015	Deputy Director, Housing Mission & Goals

### Means and Strategies for Performance Goal 2.1

During FY 2015, FHFA will use the following means and strategies in support of Performance Goal 2.1:

- Analyze the Enterprises’ guarantee fee policy, taking into account the feedback that FHFA received on the June 5, 2014 request for input;
- Develop policy recommendations 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;
- Continue to assess impediments to access credit;
- Assess the reliability and feasibility of alternate credit score models and credit history in loan-decision models, including the operational and system implications; and
- Assess and explore ways to improve the effectiveness of pre-purchase and early delinquency counseling.

## Data Validation and Verification for Performance Goal 2.1

Measure 2.1.1 - FHFA will collect data from the Enterprises on their guarantee fees and related information to inform and finalize the agency's analysis of the Enterprises' guarantee fees. FHFA will release written materials to the public concerning the agency's analysis and determinations regarding the Enterprises' guarantee fees.

Measure 2.1.2 - FHFA will develop and issue a proposed Duty to Serve Rule that is published in the Federal Register.

<b>Performance Goal 2.2</b>			
Promote stability in the nation's housing finance markets			
<b>Measure</b>		<b>Target</b>	<b>Goal Leader</b>
2.2.1	Publish private mortgage insurer eligibility requirements.	Fiscal Year 2015	Deputy Director, Housing Mission & Goals
2.2.2	Publish updated minimum servicer eligibility standards.	Fiscal Year 2015	Deputy Director, Housing Mission & Goals
2.2.3	Complete research projects as specified on FHFA's approved research agenda.	Complete at least four research projects	Deputy Director, Housing Mission & Goals
2.2.4	Continue publication of the monthly and quarterly FHFA House Price Index.	Publish eight monthly and four quarterly releases	Deputy Director, Housing Mission & Goals

## Means and Strategies for Performance Goal 2.2

During FY 2015, FHFA will use the following means and strategies in support of Performance Goal 2.2:

- Make policy decisions regarding items contained in the proposed Private Mortgage Insurer Eligibility Standards (PMIERS);
- Monitor industry developments that could impact the PMIERS, including alternative forms of credit enhancement;
- Continue dialogue with the private mortgage insurance (PMI) industry to ensure that the PMIERS can be successfully operationalized upon publication;
- Make policy decisions regarding the Enterprises' servicer eligibility requirements;
- Engage with the servicing industry, together with the Enterprises, to obtain feedback on draft servicer eligibility requirements;

- Develop an implementation plan for updated servicer eligibility requirements, when finalized;
- Finalize and announce updated servicer eligibility requirements;
- Undertake research projects as specified on FHFA’s approved research agenda; and
- Calculate and publish monthly and quarterly House Price Index (HPI) information on FHFA’s website.

### **Data Validation and Verification for Performance Goal 2.2**

Measures 2.2.1 and 2.2.2 - FHFA will oversee the Enterprises’ publications of finalized private mortgage insurance eligibility requirements and minimum servicer eligibility standards. FHFA will consider these measures as met based on the Enterprises’ publication dates.

Measure 2.2.3 - FHFA research projects will go through a thorough vetting process established in the Research Oversight Committee. FHFA will consider this measure as met when the Research Oversight Committee deems the project complete, which may include publication on the FHFA external website, [www.fhfa.gov](http://www.fhfa.gov).

Measure 2.2.4 - The FHFA House Price Index (HPI) will be publicly released on the FHFA website each month. 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 and ensure that the indexes have been published using the standard “repeat-transactions” methodology.

<b>Performance Goal 2.3</b>			
Expand access to housing finance for diverse financial institutions and qualified borrowers			
<b>Measure</b>		<b>Target</b>	<b>Goal Leader</b>
2.3.1	Require the Enterprises to work to increase access to mortgage credit for creditworthy borrowers.	Implement a 97 percent LTV product during Fiscal Year 2015	Deputy Director, Housing Mission & Goals
2.3.2	Require the Enterprises to continue to encourage greater participation by small lenders, rural lenders, and state and local Housing Finance Agencies.	Increase the number of participants by 20 entities by September 30, 2015	Deputy Director, Housing Mission & Goals
2.3.3	Develop operational guidance to ensure that the regulated entities and the Office of Finance comply with statutory and regulatory requirements regarding their OMWI roles and responsibilities.	Fiscal Year 2015	Director, Office of Minority and Women Inclusion

### **Means and Strategies for Performance Goal 2.3**

During FY 2015, FHFA will use the following means and strategies in support of Performance Goal 2.3:

- Require the regulated entities to develop plans to encourage greater participation by small lenders, rural lenders, and state and local Housing Finance Agencies (HFA);
- Promote policies and practices at the regulated entities to provide fair and equal access to financial services for all eligible financial institutions and qualified borrowers;
- Oversee the FHLBanks' Affordable Housing Programs;
- Work to develop examination guidance for use by FHFA staff to assess the regulated entities' compliance with the diversity and inclusion standards;
- Work to provide clear guidance to the regulated entities regarding expectations for compliance with diversity and inclusion standards;
- Develop a pilot program to examine regulated entities' compliance with the letter and spirit of their OMWI legal and regulatory obligations;
- Monitor access to mortgage credit; and
- Support multifamily housing needs with a focus on the affordable and underserved segments of the market.

**Data Validation and Verification for Performance Goal 2.3**

Measure 2.3.1 - FHFA will oversee and receive the Enterprises' public announcement regarding the implementation of a 97 percent LTV product during Fiscal Year 2015.

Measure 2.3.2 - As a part of the Enterprises' Scorecard reporting, FHFA receives and monitors the Enterprises' quarterly reports on rural housing, HFA and small lender participation levels.

Measure 2.3.3 - Guidance concerning the regulated entities' OMWI responsibilities is issued to the regulated entities.

### Strategic Goal 3

#### Manage the Enterprises' Ongoing Conservatorships

Strategic Goal 3 is focused 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.

Performance Goal 3.1			
Preserve and conserve assets			
Measure		Target	Goal Leader
3.1.1	Maintain a qualified board of directors and CEO to oversee the implementation of Conservator objectives.	95 percent of vacancies filled within 120 days	Deputy Director, Division of Conservatorship
3.1.2	2015 Conservatorship Scorecard provided to the Enterprises.	March 31, 2015	Deputy Director, Division of Conservatorship

#### Means and Strategies for Performance Goal 3.1

During FY 2015, 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, on a timely basis, vacancies for boards and senior management teams;
- Oversee Enterprise staffing and compensation;
- Set goals through the Conservatorship Scorecard to implement the *2014 Strategic Plan for the Conservatorships of Fannie Mae and Freddie Mac*. Scorecard provisions will require the Enterprises to:
  - Maintain, in a safe and sound manner, credit availability and foreclosure prevention activities for new and refinanced mortgages to foster a liquid, efficient, competitive and resilient national housing finance market;
  - Reduce taxpayer risk through increasing the role of private capital in the mortgage market; and
  - Build a new single-family securitization infrastructure for use by the Enterprises and adaptable for use by other participants in the secondary market.



### Data Validation and Verification for Performance Goal 3.1

Measure 3.1.1 - FHFA's Division of Conservatorship tracks and reports on the current status of key management and board position vacancies and what actions are taken by the Enterprises to fill the positions.

Measure 3.1.2 - The Division of Conservatorship also coordinates the development and issuance of the Conservatorship Scorecard and coordinates FHFA's evaluation of the Enterprises' progress against the goals contained therein.

<b>Performance Goal 3.2</b> Reduce taxpayer risk from Enterprise operations			
<b>Measure</b>		<b>Target</b>	<b>Goal Leader</b>
3.2.1	Oversee reduction in retained portfolios consistent with the Preferred Stock Purchase Agreement.	15 percent annually	Deputy Director, Division of Conservatorship
3.2.2	Oversee the implementation of two or more different types of single-family mortgage credit risk-sharing transactions.	December 31, 2014	Deputy Director, Housing Mission & Goals

### Means and Strategies for Performance Goal 3.2

During FY 2015, FHFA will use the following means and strategies in support of Performance Goal 3.2:

- Promote credit risk transfers that reduce taxpayer risk by attracting private capital; and
- Work with the Enterprises on the following initiatives:
  - Reduce the size of the Enterprises' legacy retained portfolios in accordance with their approved retained portfolio plans;
  - Promote credit risk transfers that reduce taxpayer risk by attracting private capital, including by setting targets for multiple types of single-family mortgage credit risk-sharing transactions and holding the Enterprise management accountable for meeting those targets; 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. This helps ensure compliance with the Preferred Stock Purchase Agreements and FHFA guidance. For sales of less liquid assets, 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 within five days.

Measure 3.2.2 - FHFA will also require the Enterprises to provide FHFA both pre- and post-execution data on single-family mortgage credit risk-sharing transactions. FHFA will then conduct an internal analysis of that data. Execution date of the transactions will be used to determine if target is met.

<b>Performance Goal 3.3</b>			
Build a new single-family securitization infrastructure			
<b>Measure</b>		<b>Target</b>	<b>Goal Leader</b>
3.3.1	Oversee release by Common Securitization Solutions of a new version of the Common Securitization Platform software (with updated interfaces and capabilities) for the Enterprises to test.	June 30, 2015	Deputy Director, Division of Conservatorship
3.3.2	Issue a progress report on the status of the Single Security initiative, including updated information on the features, disclosure standards, and related requirements.	June 30, 2015	Deputy Director, Division of Conservatorship

**Means and Strategies for Performance Goal 3.3**

During FY 2015, FHFA will use the following means and strategies in support of Performance Goal 3.3:

- Support the development of the Common Securitization Platform (CSP):
  - Actively oversee and monitor the development, testing, and release of a new version of the CSP software by the Enterprises and Common Securitization Solutions (CSS);
- Provide updated information for Single Security stakeholders in areas such as investors’ counterparty risk in commingled resecuritizations and information on the exchange of legacy securities; and
- Oversee the Enterprises’ implementation of mortgage data standardization initiatives:
  - Uniform Closing Disclosure Dataset (UCD); and
  - Uniform Loan Application Dataset (ULAD).

### **Data Validation and Verification for Performance Goal 3.3**

Measures 3.3.1 - FHFA will oversee CSS's work in this area. FHFA will develop a report with the agency's assessment of whether CSS has completed the work necessary to release a new version of the CSP software for the Enterprises to test.

Measures 3.3.2 - FHFA will develop and publish periodic progress reports on the proposed Single Security. The progress reports will be published and available on the FHFA website for public review and input. FHFA will also develop and publish goals for the 2015 Conservatorship Scorecard with respect to the Single Security. FHFA will oversee the Enterprises' progress through regular meetings and working sessions.

**Resource Management**  
Supporting the Mission-Critical Offices

FHFA's success in meeting its mission depends on the effective management of resources. To support this effort, FHFA will pursue the following resource management strategies.

**Financial and Performance Management**

FHFA must continue to maintain a strong internal control and risk management program. This includes financial management and other management and operating processes. The Office of Budget and Financial Management maintains FHFA's integrated accounting, financial, and contracting management systems. To ensure that its resources are managed effectively and efficiently, FHFA will continue to expand its use of financial, contracting, and performance information in managing program operations and making program improvements.

The agency will continue to build upon its improvements in financial reporting and performance measurement data quality. Select plans for the year include:

- Update agency policies and procedures as necessary to ensure that resources are effectively and efficiently used to achieve agency strategic and performance goals;
- Perform an assessment of internal controls over financial reporting and compliance with applicable laws and regulations to evaluate and strengthen FHFA's internal control environment, as appropriate; and
- Continue to review performance goals to identify and set performance measures and targets that are meaningful.

**Human Capital**

The Office of Human Resources Management (OHRM) provides personnel and payroll services to FHFA. In addition, OHRM provides leadership and employee development through the FHFA Learning Academy. For FY 2015, FHFA will focus on the following human capital initiatives:

- Institute consistent application of human resources practices by completing and implementing HR policies and procedures;
- Migrate to the Human Resources Information System and implement improved work processes, integration of data and systems, and delivery of human capital analytics to inform decision-making;
- Design and implement a supervisory practices program to supervisors at all levels;
- Continue to promote professional skills development training, with a continued emphasis on professional writing classes; and
- Implement a training evaluation process to capture the impact of internal and external training events on employee performance and agency results.

### **Information Technology**

The Office of Technology and Information Management supports FHFA's diverse mission and resource areas by offering 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, and assets. FHFA will advance the following initiatives during FY 2015:

- Continue to support development of and security controls for the National Mortgage Database;
- Issue final recommendations from the assessment of the agency's Analytic Platform, which is comprised of modeling and financial analysis tools used by the agency, and present an implementation plan to key agency stakeholders; and
- Improve agency collaboration tools, including installation of new conference room systems and upgrading certain virtual meeting tools.

### **Diversity and Inclusion**

The Office of Minority and Women Inclusion (OMWI) is obligated to take affirmative steps to promote diversity and the inclusion of women and minorities in all activities and at every level of the organization, including management, employment, and contracting. OMWI is also responsible for developing standards for increasing the participation of minority and women-owned businesses in the programs and contracts of the agency, including standards for coordinating technical assistance to such businesses. For FY 2015, FHFA will focus on the following diversity and inclusion initiatives:

- Develop a multiyear strategic diversity and inclusion plan;
- Develop diversity standards for incorporation into the agency's recruitment practices;
- Develop standards for increasing the participation of minority and women-owned businesses in the programs and contracts of the agency, including standards for coordinating technical assistance to such businesses; and
- Develop a plan addressing outreach to minority and women-serving organizations and educational institutions with respect to developmental opportunities and financial literacy programs.

<b>Resource Management</b>			
Supporting the Mission-Critical Offices			
<b>Measure</b>		<b>Target</b>	<b>Goal Leader</b>
RM 1	FHFA's financial statements and FISMA audits receive unqualified opinions with no material weaknesses or unacceptable risks.	100 percent	Chief Operating Officer
RM 2	Number of awards that are obligated with minority- and women-owned businesses.	Increase from prior year	Director, Office of Minority and Women Inclusion

**Data Validation and Verification for Resource Management**

Measure RM-1 - The Federal Information Security Management Act (FISMA) report signed by the auditors and the Government Accountability Office’s (GAO) opinion on FHFA’s financial statements will reflect whether any material weakness has been noted for the year.

Measure RM-2 - Contracting data is collected manually, compared to Central Contractor Registration (CCR) data, and reviewed by a contracting officer for accuracy and completeness. The monthly transactions are maintained in Prism - a purchase requisition system - and logged in an Excel database of contracting actions. FHFA will analyze contracting action data by category, including woman-owned and minority-owned businesses, annually to evaluate executed actions compared to the prior year.

## Program Evaluations

Program evaluation is 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 collectively assess performance and consider corrective interventions where necessary.

FHFA management also uses the budget formulation and execution processes as opportunities 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 evaluates the findings and establishes appropriate remediation activities for FHFA. 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.

Additionally, the FHFA Office of the Inspector General (OIG) plays a large role in program evaluation by conducting reviews of various aspects of agency operations. With respect to external evaluations, under the requirements of the Housing and Economic Recovery Act (HERA), the GAO conducts financial statement audits and other reviews of FHFA. FHFA uses the findings from OIG and GAO to implement improvements in its operations.

FHFA will also actively participate in new Office of Management and Budget initiatives 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 on housing markets. 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