



# ANNUAL PERFORMANCE PLAN FOR FISCAL YEAR 2021

December 2020



Office of Budget and Financial Management

Table of Contents

**Mission..... 2**

**Vision ..... 2**

**Values ..... 2**

**Scope of Responsibilities ..... 3**

    I. Regulator 3

    II. Conservator 4

**Relationship between the Strategic Plan and the Annual Performance Plan..... 6**

**Strategic Goals and Objectives ..... 7**

    I. Strategic Goal 1: Ensure Safe and Sound Regulated Entities Through World Class Supervision 8

    II. Strategic Goal 2: Foster Competitive, Liquid, Efficient, and Resilient (CLEAR) National Housing Finance Markets 17

    III. Strategic Goal 3: Position the Agency as a Model of Operational Excellence by Strengthening the Workforce and Infrastructure 23

**Program Evaluations ..... 29**

**Cross-Agency Collaboration..... 30**



### Mission

Ensure 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 the housing finance market throughout the economic cycle.

### Vision

FHFA is a world-class independent regulatory Agency that ensures a competitive, liquid, efficient, and resilient (CLEAR) housing finance market.

### Values

FHFA’s culture is built on a foundation of promoting diversity and inclusion in our internal practices and those of our regulated entities. As such, we expect all FHFA employees to emulate the following values:

- Fairness* We value varied perspectives and thoughts and treat others with impartiality.
- Accountability* We are responsible for carrying out our work with transparency and professional excellence.
- Integrity* We are committed to the highest ethical and professional standards to inspire trust and confidence in our work.
- Respect* We treat others with dignity, share information and resources, and collaborate.



## Scope of Responsibilities

The Federal Housing Finance Agency (FHFA) was established by the Housing and Economic Recovery Act of 2008 (HERA), amending the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act). Congress created FHFA to “be an independent agency of the Federal Government.”<sup>1</sup> The Agency 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); Common Securitization Solutions, LLC (CSS); and the Federal Home Loan Bank System, which includes 11 Federal Home Loan Banks (FHLBanks) and the Office of Finance (OF), a joint office of the FHLBanks. FHFA’s mission is to ensure that Fannie Mae, Freddie Mac, and the FHLBanks (together, the regulated entities<sup>2</sup>) fulfill their mission by operating in a safe and sound manner so that they serve as a reliable source of liquidity and funding for the housing finance market throughout the economic cycle. Since September 6, 2008, FHFA has also served as conservator of Fannie Mae and Freddie Mac (together, the Enterprises).

### I. Regulator

The Safety and Soundness Act, as amended by HERA, assigns to FHFA regulatory oversight of the Enterprises and the FHLBank System.<sup>3</sup> The statute vests FHFA with the authorities, similar to those of other prudential financial regulators, to maintain the financial health of the regulated entities. FHFA is responsible for supervising the business and operations of the regulated entities to ensure that they are safe and sound and aligned with the missions set forth in their authorizing statutes. FHFA exercises these regulatory and supervisory authorities by issuing rules, policy guidance documents, and regulatory orders.

---

<sup>1</sup> 12 U.S.C. § 4511(a).

<sup>2</sup> OF is not a “regulated entity” as the term is defined by statute (see 12 U.S.C. 4502(20)). However, for convenience, references to the “regulated entities” in this document should be read to also apply to OF unless otherwise noted.

<sup>3</sup> 12 U.S.C. § 4513.



The Safety and Soundness Act requires FHFA to fulfill two principal 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 the Safety and Soundness Act 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 the Safety and Soundness Act 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.<sup>4</sup>

## II. Conservator

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.<sup>5</sup>

---

<sup>4</sup> 12 U.S.C. § 4513(a)(1).

<sup>5</sup> 12 U.S.C. § 4617(b)(2)(D).



Continuing the business of the Enterprises in conservatorships also incorporates the above-referenced responsibilities that are enumerated in 12 U.S. Code (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.”<sup>6</sup>

---

<sup>6</sup> 12 U.S.C. § 5220(b)(1).



## Relationship between the Strategic Plan and the Annual Performance Plan

Issued in October 2020, the *FHFA Strategic Plan: Fiscal Years 2021-2024* (Strategic Plan)<sup>7</sup> established three strategic goals to fulfill the Agency's mission and vision, while upholding its core values. The Strategic Plan also identifies objectives, and the means and strategies to achieve them, within each strategic goal. The Fiscal Year (FY) 2021 Annual Performance Plan (APP) supports and guides the Agency in carrying out the Strategic Plan, establishing performance measures and targets for the fulfillment of each strategic goal.

Building on the Strategic Plan, FHFA's APP has four components: (1) strategic goals; (2) strategic objectives; (3) performance measures and associated targets; and (4) means and strategies.

The **strategic goals**, established in the Strategic Plan, are the starting point for the FY 2021 APP. Aligning the APP with the Strategic Plan ties FHFA's annual priorities to the Agency's mission, vision, and values.

The **strategic objectives** in the APP link directly to those established in FHFA's Strategic Plan. Each strategic objective is an intermediate outcome or output necessary to achieve the corresponding strategic goal.

The **performance measures** and associated **targets** correspond to activities that FHFA expects to perform during FY 2021. In many cases, these performance measures represent incremental progress toward achieving the strategic goals. The performance measures are important indicators to management that FHFA is making progress to achieve its strategic objectives.

The **means and strategies** are key activities and actions that the Agency plans to undertake to achieve each strategic objective.

---

<sup>7</sup> The *FHFA Strategic Plan: Fiscal Years 2021-2024* is available at: [https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/FHFA\\_StrategicPlan\\_2021-2024\\_Final.pdf](https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/FHFA_StrategicPlan_2021-2024_Final.pdf)





### Strategic Goals and Objectives

The FY 2021 APP details a series of performance measures, as well as means and strategies, to support three strategic goals and nine strategic objectives. The APP also presents data validation and verification information for each strategic objective describing the Agency’s process for determining that a performance measure has been met and that the supporting data is accurate, reliable, and complete.

Strategic Goal 1:		Strategic Objectives	
Ensure Safe and Sound Regulated Entities Through World-Class Supervision	1.1	Ensure the safety and soundness of the regulated entities through risk-focused supervision	
	1.2	Develop and maintain a world-class supervision program	
	1.3	Responsibly end the conservatorships of the Enterprises	
Strategic Goal 2:		Strategic Objectives	
Foster Competitive, Liquid, Efficient, and Resilient (CLEAR) National Housing Finance Markets	2.1	Institute reforms at the regulated entities that serve to foster CLEAR national housing finance markets	
	2.2	Ensure that the regulated entities fulfill their statutory missions to support affordable housing, community development, and diversity and inclusion requirements	
	2.3	Position FHFA as a leader in providing the public with information and analysis on the state of the housing finance markets and related matters	
Strategic Goal 3:		Strategic Objectives	
Position the Agency as a Model of Operational Excellence by Strengthening the Workforce and Infrastructure	3.1	Cultivate a high-performing, diverse, accountable, and engaged workforce	
	3.2	Ensure sound governance and good stewardship of Agency resources	
	3.3	Deliver information technology resources and systems that support the Agency’s mission and safeguard the Agency’s resources	





**I. Strategic Goal 1: Ensure Safe and Sound Regulated Entities Through World-Class Supervision**

As regulator of the FHLBank System and as regulator and conservator of the Enterprises, FHFA has a statutory duty to ensure safe and sound operations at the regulated entities, which the Agency promotes through its supervisory programs. FHFA uses a risk-based approach in 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, 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. FHFA also is strengthening its capacity to analyze conditions in the housing finance markets and their impacts on the regulated entities to improve the resilience of the regulated entities to shocks.

While the Agency develops a clear path to responsibly end the Enterprises’ conservatorships and enhances its own readiness for a post-conservatorship environment, FHFA continues to focus on managing the ongoing conservatorships to preserve and conserve the assets of the Enterprises for the benefit of the taxpayers, as well as reducing taxpayer risk from Enterprise operations.

**A. Strategic Objective 1.1: Ensure the safety and soundness of the regulated entities through risk-focused supervision**

Measure		Target	Goal Leader
1.1.1a	Conduct risk-focused supervision and examinations of the Enterprises by having written risk-based examination plans approved by January 31, 2021	100 percent of the time	Deputy Director, Division of Enterprise Regulation
1.1.1b	Conduct risk-focused supervision and examinations of the FHLBanks by having written risk-based examination plans in place prior to the commencement of examinations for each of the FHLBanks	100 percent of the time	Deputy Director, Division of Bank Regulation
1.1.2a	Approve reports of examination by March 31, 2021 for the Enterprises	100 percent of the time	Deputy Director, Division of Enterprise Regulation
1.1.2b	Approve reports of examination within 90 days after completing examination work for each of the FHLBanks	100 percent of the time	Deputy Director, Division of Bank Regulation



Measure		Target	Goal Leader
1.1.3	Ensure a quarterly Market Value of Equity to par value of capital stock 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 on a quarterly basis	100 percent of the time	Deputy Director, Division of Bank Regulation
1.1.5a	Determine that the Enterprises have satisfactorily addressed safety and soundness Matters Requiring Attention (MRAs) in accordance with agreed upon remediation plans and time frames	90 percent of the time	Deputy Director, Division of Enterprise Regulation
1.1.5b	Determine that the FHLBanks and OF have satisfactorily addressed safety and soundness MRAs in accordance with agreed upon remediation plans and timeframes	90 percent of the time	Deputy Director, Division of Bank Regulation

**Means and Strategies for Strategic Objective 1.1**

During FY 2021, FHFA will use the following means and strategies to accomplish Strategic Objective 1.1:

1. Conduct examination work and targeted examinations on specific programs or operations at each regulated entity in accordance with examination plans;
2. Perform ongoing monitoring and analysis of key risk areas, incorporating input from other FHFA divisions;
3. Conduct Enterprise Supervisory Risk Assessments;
4. Issue written communication to boards of directors and senior management of the regulated entities about examination findings and conclusions;
5. 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;
6. Issue MRAs that require the boards of directors and/or management to take corrective action to address a critical supervisory matter or deficiency in accordance with FHFA and divisional guidance;



7. Monitor, review, and evaluate the regulated entities' implementation of corrective actions within agreed-upon timeframes;
8. Set supervisory policy for regulated entity operations;
9. Manage data submitted to FHFA by the regulated entities, or data available through other sources, and make it accessible to examiners and analysts for use in supervision;
10. Hold supervision planning meetings to set the priorities for the risk-based examinations of the regulated entities;
11. Perform quality control of examination work, consistent with division guidance;
12. Continue to strengthen the Housing Finance Examiner commissioning program;
13. Evaluate regulated entity accounting policies and financial disclosures for adherence to Generally Accepted Accounting Principles and regulatory requirements; and
14. Issue guidance on financial crimes risk for Agency use in regulated entity supervision.

### Data Validation and Verification for Strategic Objective 1.1

**Measure 1.1.1** — FHFA develops its examination plans for each FHLBank prior to the start of that FHLBank's annual examination. FHFA approves examination plans for the Enterprises by January 31 annually. 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 each ROE is maintained electronically.

**Measure 1.1.3** — FHFA uses the Call Report System (CRS) to verify that the Market Value of Equity-to-par ratio is greater than or equal to one at each FHLBank at quarter end. FHFA summarizes the FHLBanks' Market Value of Equity ratios each quarter in a memorandum that is maintained electronically.

**Measure 1.1.4** — FHFA monitors the capital positions of the FHLBanks and their compliance with capital regulations. Capital compliance is determined each quarter automatically by way of the FHFA CRS, or by Director discretion. 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 provides 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** — Where there is a significant supervisory concern at 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 a critical supervisory matter or deficiency. FHFA tracks the remediation of MRAs to ensure that the regulated entities address critical supervisory matters or deficiencies.

**FHLBanks:** Pursuant to FHFA’s annual examination cycle for the FHLBanks, FHFA completes its review of FHLBank remediation of MRAs. During this review, FHFA determines whether MRAs outstanding prior to the examination were addressed by the FHLBank within agreed upon timeframes or whether 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-objected 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 each MRA for which an Enterprise submits a closure package (which includes the internal audit function’s validation) to FHFA between June 1 of the prior fiscal year and May 31 of the current fiscal year, FHFA reviews 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.

FHFA maintains MRAs and associated documentation electronically.

**B. Strategic Objective 1.2: Develop and maintain a world-class supervision program**

Measure		Target	Goal Leader
1.2.1	Conduct horizontal reviews to provide supervisory perspective on the application and the implementation of processes, activities, and initiatives at the Enterprises in the areas of credit, market, and operational risk, modeling/data, and governance	4 horizontal reviews during FY 2021	Deputy Director, Division of Enterprise Regulation
1.2.2	Expand regular qualitative and quantitative reporting by the Enterprises of counterparty information in the CRS	June 30, 2021	Deputy Director, Division of Accounting and Financial Standards



Measure		Target	Goal Leader
1.2.3	Develop an action plan to address improvement opportunities identified in FHFA’s optimization study to further the development of a world-class supervision program	June 30, 2021	Chief Operating Officer
1.2.4	Conduct horizontal review of acquired member asset pricing and its effect on credit risk sharing structures at the FHLBanks	September 30, 2021	Deputy Director, Division of Federal Home Loan Bank Regulation

**Means and Strategies for Strategic Objective 1.2**

During FY 2021, FHFA will use the following means and strategies to accomplish Strategic Objective 1.2:

1. Review existing FHFA standards for credit, market, and operational risk management, as well as modeling/data and governance;
2. Consider other regulatory agencies' standards for credit, market, and operational risk management, as well as modeling/data and governance in the financial services industry;
3. Use a collaborative, inclusive review process to consider input from all stakeholders prior to finalizing guidance;
4. Conduct surveillance and risk analysis;
5. Provide horizontal supervisory perspective on the implementation of initiatives, driven externally or by FHFA, that impact both Enterprises;
6. Manage data submitted to FHFA by the regulated entities, or data available through other sources, and make it accessible to examiners and analysts for use in supervision;
7. Share information and collaborate across divisions to ensure supervision of each Enterprise aligns with FHFA’s mission and objectives;
8. Educate supervision staff on current and emerging risks through internal and external training programs;
9. Continue to enhance the Housing Finance Examiner commissioning program; and



10. Execute initiatives and activities to improve FHFA’s strategy/structure, workforce, and processes to cement our position as a world-class regulatory agency.

**Data Validation and Verification for Strategic Objective 1.2**

**Measure 1.2.1** — FHFA will issue documented analysis for each horizontal review. This measure will be deemed met for FY 2021 if the documented analysis of horizontal reviews is approved by September 30, 2021. Documented analysis will be approved and maintained electronically.

**Measure 1.2.2** — The measure will be met when four additional or revised schedules are issued for Enterprise reporting. Status of Call Report schedule updates will be tracked through CRS governance mechanisms.

**Measure 1.2.3** — The measure will be met when the Chief Operating Officer approves an Action Plan on or before June 30, 2021. Documentation will be maintained electronically.

**Measure 1.2.4** — The Division of Bank Regulation will develop a documented analysis following completion of the review. This measure will be deemed met for FY 2021 if the DBR Deputy Director approves the analysis by September 30, 2021. FHFA will maintain the analysis electronically.

**C. Strategic Objective 1.3: Responsibly end the conservatorships of the Enterprises**

Measure		Target	Goal Leader
1.3.1	Issue a final Enterprise Regulatory Capital Framework	1 <sup>st</sup> Quarter, FY 2021	Deputy Director, Division of Housing Mission and Goals
1.3.2	Publish a proposed regulation requiring the Enterprises to submit resolution plans (living wills)	March 31, 2021	Deputy Director, Division of Resolutions
1.3.3	Issue a proposed rule on Enterprise Capital Planning	FY 2021	Deputy Director, Division of Housing Mission and Goals



Measure		Target	Goal Leader
1.3.4	Oversee the Enterprises’ compliance with Senior Preferred Stock Purchase Agreement's (PSPA) targets for mortgage assets and indebtedness	Retained portfolio balances and debt limits are below the PSPA requirements of \$250 billion and \$300 billion, respectively, at each Enterprise <sup>8</sup>	Deputy Director, Division of Resolutions
1.3.5	Make recommendation to the Director regarding CSS’s structural options post-conservatorship	FY 2021	Deputy Director, Division of Resolutions

**Means and Strategies for Strategic Objective 1.3**

During FY 2021, FHFA will use the following means and strategies to accomplish Strategic Objective 1.3:

1. Continue to support Enterprise efforts to fill vacancies for board members and Chief Executive Officers on a timely basis to help oversee the implementation of conservatorship objectives while the Enterprises remain in conservatorship;
2. Continue to develop and publish a Conservatorship Scorecard as a mechanism for communicating FHFA's annual goals for the Enterprises to implement the *2019 Strategic Plan for the Conservatorships of Fannie Mae and Freddie Mac*.<sup>9</sup> FHFA will monitor achievement of these goals through a quarterly assessment process;
3. While the Enterprises remain in conservatorship, continue to require the Enterprises’ proposed annual budgets to meet FHFA’s standards before approval;
4. Continue to work with financial and legal advisors to evaluate options for ending the conservatorships as statute requires;
5. Communicate expectations to the regulated entities’ boards and management;

<sup>8</sup> If PSPA limits change during FY 2021, targets will be updated to reflect any new limits.

<sup>9</sup> The *2019 Strategic Plan for the Conservatorships of Fannie Mae and Freddie Mac* is available at: <https://www.fhfa.gov/AboutUs/Reports/Pages/2019-Conservatorships-Strategic-Plan.aspx>





6. Ensure that FHFA has an effective process in place to respond efficiently to matters that are submitted by the Enterprises for conservator decisions;
7. Continue to undertake legal actions necessary to put the Enterprises in a sound and solvent condition and appropriate to preserve and conserve Enterprise assets and property;
8. Oversee the Enterprises' execution of FHFA-approved retained portfolio plans to reduce the size of the Enterprises' legacy retained portfolios;
9. Oversee and monitor the Enterprises' and CSS' Uniform Mortgage-Backed Security (UMBS) performance;
10. Provide updated information to the public about UMBS performance and the Common Securitization Platform (CSP);
11. Continue to work with the Enterprises to obtain and appropriately incorporate public and industry input in the development of a post-conservatorship strategy for CSS/CSP;
12. Review and consider public comments on the proposed Enterprise Regulatory Capital Framework to ensure a thorough and transparent rulemaking process in developing the final rule;
13. Provide oversight and direction for the Enterprises' ongoing implementation of their credit risk transfer programs;
14. Continue to publish the Enterprise Non-Performing Loan Sales Report.

### Data Validation and Verification for Strategic Objective 1.3

**Measure 1.3.1** — FHFA will issue a final Enterprise Regulatory Capital Framework for publication in the Federal Register and on FHFA's website.

**Measure 1.3.2** — FHFA will issue a notice of proposed rulemaking (NPR) for Enterprise resolution planning. The NPR will be published in the Federal Register and on FHFA's website.

**Measure 1.3.3** — FHFA will issue an NPR for Enterprise capital planning. The NPR will be published in the Federal Register and on FHFA's website.

**Measure 1.3.4** — FHFA tracks and evaluates weekly, monthly, and quarterly retained portfolio reports from the Enterprises to monitor compliance with the PSPA and FHFA guidance. As part



of the PSPA-related letter agreements, FHFA receives and evaluates weekly reports of sales and provides the reports to the Treasury Department. For every \$4 billion of less-liquid asset sales, FHFA provides the Treasury Department 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 1.3.5** — DOR will deliver an evaluation and recommendation memo on CSS structural options to the Director.



**II. Strategic Goal 2: Foster Competitive, Liquid, Efficient, and Resilient (CLEAR) National Housing Finance Markets**

The FHFA Director’s principal statutory duties include ensuring that the activities of each regulated entity foster competitive, liquid, efficient, and resilient national housing finance markets. FHFA uses a multi-faceted approach to achieve these objectives. FHFA works with the regulated entities to implement risk measurement and risk management guidelines to promote liquidity and stability in the housing finance markets. Achieving a liquid, resilient housing finance market throughout the country also requires improved access to responsible mortgage credit across different market segments of creditworthy borrowers. FHFA is committed to fair and equitable access to the regulated entities’ financial services by qualified institutions and creditworthy borrowers. FHFA also monitors and reports on trends in housing and mortgage markets, such as trends in house prices, guarantee fees, and consumer sentiment, to enable FHFA to respond appropriately to developments in the housing finance market and to promote market stability. The Agency also strengthens its relevance as a trusted, independent, and fair regulator by enhancing public awareness of regulatory accomplishments.

**A. Strategic Objective 2.1: Institute reforms at the regulated entities that serve to foster CLEAR national housing finance markets**

Measure		Target	Goal Leader
2.1.1	Update the minimum financial eligibility requirements for Enterprise sellers/servicers	June 30, 2021	Deputy Director, Division of Housing Mission and Goals
2.1.2	Publish annual guarantee fee report	December 31, 2020	Deputy Director, Division of Research and Statistics
2.1.3	Document review of regulated entity public filings	Quarterly documentation of reviews within 45 days after the required filing date	Deputy Director, Division of Accounting and Financial Standards
2.1.4	Issue a final rule on Prior Approval for Enterprise Products	September 30, 2021	Deputy Director, Division of Housing Mission and Goals



## Means and Strategies for Strategic Objective 2.1

During FY 2021, FHFA will use the following means and strategies to accomplish Strategic Objective 2.1:

1. Assess whether capital and liquidity requirements for nonbank seller/servicers should be updated;
2. Monitor the Enterprises' acquisitions relative to FHFA's multifamily production cap and make adjustments, as appropriate, according to FHFA's standard process outlined in the Conservatorship Scorecard;
3. Issue an NPR on Prior Approval for Enterprise Products, evaluate the public comments, and work towards producing a final rule;
4. Review quarterly and annual FHLBank individual financial disclosures and FHLBank System consolidated financial reports;
5. Lead and administer FHFA quarterly acknowledgement statement process for Enterprise financial disclosures while in conservatorship; and
6. Monitor CSS functions through monthly performance reviews and board meetings, monitor the performance of the UMBS, and monitor Enterprise compliance with the related regulation.

## Data Validation and Verification for Strategic Objective 2.1

**Measure 2.1.1** — FHFA expects that work on updated seller/servicer requirements will be completed in time for the Enterprises to publish new requirements in their seller/servicer guides on June 30, 2021 (implementation date), with an effective date for the new guidelines of December 31, 2021.

**Measure 2.1.2** — On an annual basis, FHFA will conduct an independent analysis of guarantee fees, including an assessment of differences by seller delivery volume. The final guarantee fee report will be published on FHFA's website.

**Measure 2.1.3** — FHFA's Division of Accounting and Financials Standards will provide written confirmation that the financial statement review was completed. Documentation will be maintained electronically.



**Measure 2.1.4** — FHFA will review all public comments from the NPR and issue a final rule on Prior Approval for the Enterprise Products for publication in the Federal Register and on FHFA’s website.

**B. Strategic Objective 2.2: Ensure that the regulated entities fulfill their statutory missions to support affordable housing, community development, and diversity and inclusion requirements**

Measure		Target	Goal Leader
2.2.1	Publish proposed Enterprise housing goals rule for 2022-24	June 2021	Deputy Director, Division of Housing Mission and Goals
2.2.2	Issue annual ratings for each Enterprise’s DTS performance in 2019	October 2020	Deputy Director, Division of Housing Mission and Goals
2.2.3	Complete implementation of the Language Access Plan	December 2020	Deputy Director, Division of Housing Mission and Goals
2.2.4	Determine that the regulated entities have satisfactorily addressed MRAs relating to their diversity and inclusion programs, in accordance with agreed-upon remediation plans and time frames	90 percent	Director, Office of Minority and Women Inclusion
2.2.5	Conduct diversity and inclusion examinations of the Enterprises and the FHLBanks	12 exams during FY 2021	Director, Office of Minority and Women Inclusion

**Means and Strategies for Strategic Objective 2.2**

During FY 2021, FHFA will use the following means and strategies to accomplish Strategic Objective 2.2:

1. Continue to assess opportunities to address responsible access to credit and develop recommendations for improvements where appropriate;
2. Prepare an annual rating of the Enterprises’ DTS performance that is sent to Congress as part of FHFA’s Annual Housing Report, by October 30 each year;
3. Monitor and evaluate the FHLBanks’ and OF’s outreach efforts to advance diversity and inclusion on their respective boards of directors; and



4. Provide training and technical assistance to the regulated entities and OF on the requirements of the Minority and Women Inclusion regulation.

### Data Validation and Verification for Strategic Objective 2.2

**Measure 2.2.1** — FHFA will develop an internal timeline featuring the critical dates the Enterprise housing goals rule will have to meet in order to publish the proposed rule by Q3 FY 2021 and measure progress against that timeline. The NPR will be published in the Federal Register and on FHFA’s website.

**Measure 2.2.2** — FHFA will assess the Enterprises’ DTS performance data and other results against the targets set in the DTS 2018-2021 plans on an annual basis. FHFA will prepare and complete dashboard updates according to an established schedule, as well as an end-of-year rating report that is to be sent to Congress. FHFA’s DTS monitoring dashboards and end-of-year rating report will be maintained electronically.

**Measure 2.2.3** — The Enterprises will provide translation and interpretive resources content to FHFA. FHFA will post the content in all five languages — Spanish, Chinese, Vietnamese, Korean, and Tagalog — on Mortgage Translations.<sup>10</sup> To raise awareness of the site, and increase participation and engagement, the Enterprises and FHFA will promote the site through various marketing efforts.

**Measure 2.2.4** — For the FHLBanks and OF, a summary and rolling count of remediated MRAs will be summarized in a memorandum quarterly. OMWI will summarize information on Enterprise MRAs quarterly and at fiscal year-end. All summaries will be maintained electronically.

**Measure 2.2.5** — Starting with the 2021 examination cycle, FHFA will issue diversity and inclusion ROEs with composite ratings that will be maintained electronically.

---

<sup>10</sup> Mortgage Translations is available at: <https://www.fhfa.gov/MortgageTranslations/>



**C. Strategic Objective 2.3: Position FHFA as a leader in providing the public with information and analysis on the state of the housing finance markets and related matters**

Measure		Target	Goal Leader
2.3.1	Publish 12 monthly and 4 quarterly FHFA House Price Indexes	FY 2021	Deputy Director, Division of Research and Statistics
2.3.2	Publish annual Public Use Database (PUDB)	3 <sup>rd</sup> Quarter FY 2021	Deputy Director, Division of Research and Statistics
2.3.3	Publish quarterly aggregate statistics on mortgage profiles and delinquencies from National Mortgage Database (NMDB)	FY 2021	Deputy Director, Division of Research and Statistics

**Means and Strategies for Strategic Objective 2.3**

During FY 2021, FHFA will use the following means and strategies to accomplish Strategic Objective 2.3:

1. Publish the monthly and quarterly FHFA Foreclosure Prevention and Refinance Report, which monitors the Enterprises’ foreclosure prevention and refinance activities;
2. Establish and publish annual conforming loan limits for the subsequent year;
3. Conduct quarterly National Survey of Mortgage Originations (NSMO) and publish an annual Public Use File of NSMO;
4. Perform annual review of production and validation procedures for FHFA House Price Index ® (HPI) data;
5. Conduct and publish original research on issues affecting the housing markets;
6. Promote data accountability and responsible use of FHFA statistical data products;
7. Enhance profile within housing finance sector through research relevant to general public, experts, and legislators, and provide arena for exchange of ideas related to housing finance; and
8. Enhance public’s understanding of housing finance and FHFA.





## Data Validation and Verification for Strategic Objective 2.3

**Measure 2.3.1** — The HPI releases will occur on dates that have been pre-announced by the Agency and published on the FHFA website. Prior to index publication, an internal team will review and validate the HPI values, including validation of the underlying data, to ensure that the indices are published using the standard “repeat-transactions” methodology. FHFA will publish the HPI monthly on the FHFA website, and four of these releases will also contain a quarterly update.<sup>11</sup>

**Measure 2.3.2** — The data will be sourced and certified by the respective Enterprise. FHFA will post the PUDB to its website by September 30 of the year following mortgage acquisition.

**Measure 2.3.3** — Prior to the NMDB release, an internal team will review and validate all analysis including underlying data to ensure that the data and analysis meets Office of Management and Budget (OMB) data standards for publication. Data will be published on the FHFA website.<sup>12</sup>

---

<sup>11</sup> FHFA’s HPI is available at: [www.fhfa.gov/DataTools/Downloads/pages/house-price-index.aspx](http://www.fhfa.gov/DataTools/Downloads/pages/house-price-index.aspx).

<sup>12</sup> The NMDB is available at: [https://www.fhfa.gov/DataTools/Downloads/Pages/NMDB\\_Data\\_Sets.aspx](https://www.fhfa.gov/DataTools/Downloads/Pages/NMDB_Data_Sets.aspx)



**III. Strategic Goal 3: Position the Agency as a Model of Operational Excellence by Strengthening the Workforce and Infrastructure**

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, achieving FHFA’s goals requires communication, collaboration, and coordination by staff across all offices and divisions within the Agency. We are positioning FHFA as an incubator of innovation, thought leadership, and analytical resources in housing finance with a culture of high performance that embodies FHFA values. Empowered employees are effective stewards of Agency resources.

**A. Strategic Objective 3.1: Cultivate a high-performing, diverse, accountable, and engaged workforce**

Measure		Target	Goal Leader
3.1.1	Responses to the Federal Employee Viewpoint Survey (FEVS) reflect that "My work unit has the job-relevant knowledge and skills necessary to accomplish organizational goals"	Positive responses equal to or higher than both the small agency and government-wide averages	Chief Operating Officer
3.1.2	FEVS Employee Engagement Index is at or above the percent that the Office of Personnel Management (OPM) considers an agency "Strength". <sup>13</sup>	65 percent positive <sup>14</sup>	Chief Operating Officer
3.1.3	Improve the number of days to hire	95 workdays	Chief Operating Officer

**Means and Strategies for Strategic Objective 3.1**

During FY 2021, FHFA will use the following means and strategies to accomplish Strategic Objective 3.1:

1. Institute consistent application of human resources practices by reviewing, revising, and implementing human resources policies and procedures;

<sup>13</sup> Questions averaging 65 percent or more positive are considered strengths.

<sup>14</sup> Depends upon OPM’s interpretation of what is a successful Engagement Index Score.



2. Collaborate with managers to provide consultation and advice on staffing, retention, succession planning, and performance management practices;
3. Enhance recruitment processes and programs through diversity and inclusion/Equal Employment Opportunity (EEO) action plans that support the recruitment of diverse employees. There will be special emphasis on using available hiring authorities to seek out underrepresented employee populations, such as individuals with disabilities;
4. Collaborate with FHFA offices to identify, deliver, and evaluate the impact of targeted, competency-based learning events and organizational effectiveness engagements;
5. Determine optimal staffing competencies and levels and set strategy to achieve and obtain those competencies and levels;
6. Improve employee recognition through the Excellence Awards Program by revising the Awards Policy and encouraging supervisors to use available awards;
7. Review and revise the performance management system;
8. Coordinate Federal Employee Viewpoint Ambassadors program and other FEVS initiatives;
9. Review and update the Agency Harassment Prevention Policy and Procedures;
10. Build out a workplace alternative dispute resolution program inclusive of, but broader than, EEO-related conflicts and disputes; and
11. Review Agency policies, practices, and procedures in order to make recommendations to leadership for changes that remove obstacles to various employee populations.

### Data Validation and Verification for Strategic Objective 3.1

**Measure 3.1.1** — FHFA will compare the Agency’s results on FEVS question “My work unit has the job-relevant knowledge and skills necessary to accomplish organizational goals” against the response to this question in the FEVS for both small agencies and the entire federal government. The annual FEVS report is released by OPM around September, and FHFA will maintain the results electronically.

**Measure 3.1.2** — FHFA will compare the Agency’s Employee Engagement Index in the FEVS report against the results for the entire federal government. The Engagement Index score is



provided shortly after the annual release of the FEVS. FHFA will maintain the results electronically.

**Measure 3.1.3** — Measurement will begin when a vacancy announcement or hiring action has been authorized by the hiring manager and will conclude when an applicant accepts a job offer. Days-to-hire will be tracked monthly through the staffing plan and reported on quarterly.

**B. Strategic Objective 3.2: Ensure sound governance and good stewardship of Agency resources**

Measure		Target	Goal Leader
3.2.1	Ensure FHFA's financial statements audit receives an unmodified opinion with no material weaknesses	100 percent of the time	Chief Operating Officer
3.2.2	Complete 75 percent or more of FHFA contracts	100 percent of the time	Chief Operating Officer
3.2.3	Complete corrective actions to address audit recommendations in a timely manner	95 percent of the corrective actions to address Office of Inspector General (OIG) recommendations are completed within one year of the resolution date	Chief Operating Officer
3.2.4	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	Chief Operating Officer Director, Office of Minority and Women Inclusion

**Means and Strategies for Strategic Objective 3.2**

During FY 2021, FHFA will use the following means and strategies to accomplish Strategic Objective 3.2:

1. 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;



2. 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;
3. Enhance the efficiency and effectiveness of developing Agency budgets, monitoring their execution, and forecasting future budgets through the development and use of automated budgeting software;
4. Develop, track, and report achievement of FHFA's APP in the Performance and Accountability Report in order to provide transparency to the public on Agency activities;
5. Implement a program for reviewing contractor compliance with the Good Faith Effort requirements included in Agency contracts in accordance with FHFA policies;
6. Engage with organizations that serve and support minority-, women-, and disabled-owned businesses as potential FHFA contractors;
7. Implement guidance for executives, managers, and supervisors for meeting the Agency required diversity and inclusion competencies in support of principles, policies, and programs related to equal contracting opportunities;
8. Provide expertise, tools, and methods to advance and promote consistent project management practices across the Agency; and
9. Use project management best practices to guide Agency projects, programs, and initiatives to increase the likelihood of achieving and surpassing desired benefits and results.

### Data Validation and Verification for Strategic Objective 3.2

**Measure 3.2.1** — The Government Accountability Office's (GAO) opinion on FHFA's financial statements 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.

**Measure 3.2.2** — FHFA will review new contract awards to determine if at least 75 percent were competitively solicited. Contracting reports will be maintained electronically.



**Measure 3.2.3** — The management actions to address recommendations issued by the OIG to FHFA will be completed within one year of the report date or final agreement date (whichever is later). Information is maintained in the FHFA Internal Control Information System report.

**Measure 3.2.4** — FHFA will obtain and analyze Agency contracting data for the previous five years and will compare the average aggregate value of such five-year period with fiscal year 2021 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.

**C. Strategic Objective 3.3: Deliver information technology resources and systems that support the Agency’s mission and safeguard the Agency’s resources**

Measure		Target	Goal Leader
3.3.1	Ensure FHFA's Federal Information Security Modernization Act (FISMA) audit identifies no significant deficiencies	100 percent of the time	Chief Operating Officer
3.3.2	Ensure FHFA's infrastructure systems are continuously available for use by FHFA staff	99.5 percent of the time	Chief Operating Officer
3.3.3	Determine average user response on FHFA Help Desk ticket surveys	4.5 rating on a scale of 0 to 5	Chief Operating Officer

**Means and Strategies for Strategic Objective 3.3**

During FY 2021, FHFA will use the following means and strategies to accomplish Strategic Objective 3.3:

1. Ensure critical computer systems are readily available to staff with minimal downtime and identify technologies and tools to increase the productivity of FHFA staff;
2. Manage FHFA’s technology resources, investments, and assets;
3. Ensure security of the Agency’s data and information systems; and
4. Monitor and report Agency compliance with the FISMA.



## Data Validation and Verification for Strategic Objective 3.3

**Measure 3.3.1** — The FHFA OIG FISMA report will reflect whether any significant deficiencies have been noted for the year.

**Measure 3.3.2** — System availability will be determined over two-minute intervals between 7:00 am and 7:00 pm using monitoring software. The monitoring tool calculates the target statistic, which will be verified by the Chief Technology Officer and maintained electronically.

**Measure 3.3.3** — Survey data will be stored in Footprints survey workspace and will include a direct link to each ticket. The data will be pulled from this location and summarized on a spreadsheet. The Customer Relations Section will verify that each field from Footprints matches the data in the spreadsheet and will report the final average score each quarter. The average score for the previous quarter will be completed within 20 business days after the end of the quarter.





## 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 OMB Circular A-123. The FHFA 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, GAO also conducts financial statements, audits, and other reviews of FHFA. FHFA uses the findings and/or recommendations from OIG and GAO to implement improvements in its operations.

FHFA will also participate in new OMB 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
- 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

