
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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FHFA Sends GSE Housing Goals to *Federal Register* Proposed Rule Adjusts Certain Goals for Market Conditions; Provides Credit for Loan Modifications

WASHINGTON—The Federal Housing Finance Agency (FHFA) yesterday sent a proposed rule establishing 2009 housing goals for Fannie Mae and Freddie Mac to the *Federal Register* for publication. Loan modifications undertaken by the GSEs consistent with the Administration's loan modification initiative would receive credit toward achievement of housing goals.

"FHFA has determined that in light of current market conditions, the 2009 housing goal and home purchase subgoal levels previously established in regulation are not feasible unless they are adjusted," said FHFA Director James B. Lockhart. "Restrictions on the availability of private mortgage insurance for borrowers with lower down payments, a surge in refinancing, particularly by higher income borrowers, the increasingly important role of FHA in the mortgage marketplace and a slowdown in the multifamily market, among other factors, mean fewer goals-qualifying loans in 2009."

Under the Housing and Economic Recovery Act of 2008 (HERA), the housing goals established by the Department of Housing and Urban Development (HUD) for the Enterprises for the year 2008 carry over to 2009. HERA also included a requirement that the Director of FHFA review such goals to determine their feasibility given current market conditions and, as appropriate, make adjustments in the goals consistent with market conditions. HERA also requires FHFA to seek public comment on the proposed 2009 housing goals for a period not to exceed 30 days. In accordance with this provision, the Director has established a comment period of 21 days from the date of publication in the *Federal Register*.

Fannie Mae and Freddie Mac, also known as government-sponsored enterprises (GSEs), were created by Congress to support mortgage lending. Their affordable housing goals require the Enterprises to focus their mortgage financing toward low- and moderate-income families, very low-income families, low-income families in low-income areas, and residents of communities underserved by mortgage credit. Families are considered as having low or moderate incomes if they make no more than the area median income, which varies by community.

In the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, Congress required the Department of Housing and Urban Development (HUD) to establish, revise and regulate the GSEs' affordable housing goals. In November 2004 HUD published a final rule establishing housing goals for the 2005-08 period. HERA transferred responsibility for the housing goals from HUD to FHFA.

In light of the deterioration in market conditions in 2009, as explained in detail in the proposed rule, FHFA is proposing to adjust the overall 2009 Enterprise housing goals approximately to the levels that prevailed during 2004 through 2006.

GSE Housing Goal History and Proposed for 2009

Category	Goal/ Subgoal	Goal/Subgoal by Year					Performance in 2008 ¹		2009
		2004	2005	2006	2007	2008	Fannie Mae	Freddie Mac	Proposed
Low-mod Income	Goal	50%	52%	53%	55%	56%	53.6%	51.5%	51%
Underserved Areas	Goal ²	31%	37%	38%	38%	39%	39.4%	37.7%	37%
Special Affordable	Goal	20%	22%	23%	25%	27%	26.0%	23.0%	23%
Low-mod Income	Home Purchase Subgoal	NA	45%	46%	47%	47%	38.9%	39.4%	40%
Underserved Areas	Home Purchase Subgoal	NA	32%	33%	33%	34%	30.4%	30.2%	30%
Special Affordable	Home Purchase Subgoal	NA	17%	17%	18%	18%	13.6%	15.1%	14%
Special Affordable	Subgoal: Fannie Mae	\$2.85	\$5.49	\$5.49	\$5.49	\$5.49	\$13.42		\$5.49
Multifamily ³	Freddie Mac	\$2.11	\$3.92	\$3.92	\$3.92	\$3.92		\$7.68	\$3.92

¹Performance for 2008 as reported by Fannie Mae and Freddie Mac; not verified to date by FHFA.

²Underserved areas goal based on 1990 census for 2004, on 2000 census for 2005-08.

³In billions of dollars.

In addition, for the first time, FHFA proposes that loan modifications undertaken by either Enterprise consistent with the Administration's loan modification initiatives receive housing goals credit.

"The Enterprises have taken the lead in implementing the Administration's Home Affordable Modification Program," said Lockhart. "By giving them goals credit for loan modifications, FHFA further encourages this important activity, which is essential to preventing foreclosures and keeping people in their homes. It advances the public purpose of the goals – promoting homeownership for targeted borrowers and communities."

Beginning in 2010, HERA requires a wholesale restructuring of the affordable housing goals as well as the implementation of "duty to serve" requirements related to manufactured housing, affordable housing preservation, and rural housing. FHFA is now developing proposals for public comment on these matters and will implement final 2010 rules later this year.

Click here for the [proposed housing goals and subgoals for 2009 sent to the Federal Register](#) and a [technical description of the estimated size of the conventional mortgage market](#).

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$6.3 trillion in funding for the U.S. mortgage markets and financial institutions.