



OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

NEWS RELEASE

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FEDERAL REGULATOR RESPONDS TO CONGRESSIONAL CONCERNS ON YEAR 2000 COMPLIANCE ISSUE

WASHINGTON -- The Office of Federal Housing Enterprise Oversight (OFHEO) outlined in a letter to key Congressional Committee members specific steps the agency is taking to ensure Year 2000 compliance by Fannie Mae and Freddie Mac.

Mark Kinsey, Acting Director emphasized, "OFHEO's Year 2000 priority is to safeguard the orderly operation of the secondary mortgage market by ensuring Fannie Mae and Freddie Mac (the Enterprises) are able to process transactions and information at the new millennium."

Recent examinations for Year 2000 compliance show that the Enterprises are proceeding with acceptable plans and the implementation of these plans is on schedule.

OFHEO has constructed a five part comprehensive approach to its oversight of Year 2000 compliance:

1. Communicate with senior managers and the Boards of Directors at each Enterprise.
2. Conduct initial exams at the Enterprises using Year 2000 Examination Procedures
3. Continue to monitor and evaluate the progress at each Enterprise against implementation plans for Year 2000 compliance.

4. Perform on-site testing and verification at key points their Year 2000 initiatives.
5. Use OFHEO's full array of supervisory authorities as necessary to ensure that the Enterprises achieve Year 2000 compliance in a timely fashion.

This approach, in addition to encouraging the Enterprises to incorporate initiatives to motivate compliance with their respective business partners is the foundation of OFHEO's efforts to safeguard Year 2000 compliance in a timely and thorough manner.