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OFHEO RELEASES DRAFT STRATEGIC PLAN FOR PUBLIC COMMENT

WASHINGTON, DC – The Office of Federal Housing Enterprise Oversight, regulator of Fannie Mae and Freddie Mac, today released a draft Strategic Plan for Fiscal Years 2006-2011 for public comment. The plan outlines a strategy for a strengthened regulatory framework for the Enterprises including more targeted, in-depth examinations; a review of capital standards for the GSEs; establishment of a new regulatory regime through legislative change; and increased coordination among Federal agencies to enhance the nation’s mortgage markets and housing finance system.

“OFHEO and the housing finance market, including the entities we regulate, Fannie Mae and Freddie Mac, are at a critical juncture,” said OFHEO Director James B. Lockhart. “OFHEO is focused on major accounting and management issues at both Enterprises and they are making progress in addressing these issues, but the costs of these problems are adding up: Earnings were misstated by an estimated \$16 billion, fines exceeded one-half billion dollars, lawsuits will total well over a billion dollars and remedial costs will exceed \$2 billion.”

While the Enterprises are making progress, Lockhart said it will take several more years and “a much stronger regulatory framework is crucial to future success.”

OFHEO's proposed plan adopts three strategic goals: 1) Enhance supervision to ensure the Enterprises operate in a safe and sound manner, are adequately capitalized and comply with legal requirements; 2) Provide support for statutory reforms to strengthen OFHEO's regulatory powers; and 3) Continue to support the national policy of an efficient secondary mortgage market which promotes homeownership and affordable housing.

The draft plan also identifies OFHEO's values in accordance with its public mission: To promote housing and a strong national housing finance system by ensuring the safety and soundness of Fannie Mae and Freddie Mac.

"I believe that enhanced supervision and in particular, a stronger regulatory regime, as proposed by Congress and supported by OFHEO, will be better for homeownership growth, affordable housing, the nation's housing finance system and all Enterprise stakeholders," said Lockhart.

All comments must be received by September 13. Comments should be addressed to Susan Jacobs, Chief Strategic Planning Officer at strategicplan@ofheo.gov.

Link to OFHEO's draft Strategic Plan for FY 2006-2011:

<http://www.fhfa.gov/webfiles/1106/OFHEOstratplan92906.pdf>.

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