

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

MISSION REGULATION OF FANNIE MAE
AND
FREDDIE MAC

Congress established important oversight responsibilities for HUD under Title XIII of the Housing and Community Development Act of 1992 (P.L. 102-550). The short title for this legislation is the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (FHEFSSA). FHEFSSA reaffirmed the Secretary's general regulatory authority over two housing Government-Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, to ensure the GSEs' compliance with their charter purposes. FHEFSSA also mandated certain specific responsibilities, including:

- Setting the levels of Congressionally-mandated housing goals that require the GSEs to purchase mortgages made to low- and moderate-income families, mortgages on properties located in underserved areas, and mortgages made to very low-income families and low-income families in low-income areas, including mortgages on multifamily properties;
- Monitoring and enforcing the GSEs' performance in meeting the housing goals;
- Reviewing requests for new program approval submitted by the GSEs;
- Prohibiting discrimination in the GSEs' mortgage purchase activities and reviewing and commenting on their underwriting guidelines; and
- Establishing a public use database on the GSEs' mortgage purchases.

Since enactment of FHEFSSA, the Department has developed an oversight program that carries out these mandates. Specifically, the Department regularly analyzes and reports on the GSEs' housing goal performance, housing needs, the marketplace, and the appropriateness of housing goal levels; reviews new GSE activities and makes determinations about their new program implications; reviews the GSEs' underwriting guidelines, including automated underwriting practices, for their fair lending implications; manages performance and risk assessment reviews to verify the accuracy and integrity of data provided by the GSEs to the Department; performs special studies and analyses regarding the GSEs' businesses and their performance in leading the market for affordable lending; creates new, and revises existing, GSE reporting requirements as necessary to facilitate informed oversight; and issues new regulations as needed. The Department also issues letters and orders regarding its determinations for non-proprietary treatment of GSE mortgage loan data and maintains the GSE public use database. In fiscal year 2004, the Department will continue to carry out this regulatory oversight program in accordance with its Congressional mandate.

Under the provisions of P.L. 102-550, Fannie Mae and Freddie Mac are assessed for the costs of their financial safety and soundness regulation by the Director of the Office of Federal Housing Enterprise Oversight (OFHEO). OFHEO is responsible for ensuring that the GSEs are adequately capitalized and operating safely. The Director of OFHEO is authorized to collect annual assessments from the GSEs to provide for OFHEO's costs and expenses, but the GSEs are not currently assessed for the Department's costs of regulation.