



FEDERAL HOUSING FINANCE AGENCY
Office of the Director

December 28, 2011

Mr. Charles E. Haldeman, Jr.
Chief Executive Officer
Freddie Mac
8200 Jones Branch Drive
McLean, VA 22102-3107

Re: Final Determination of Freddie Mac's Housing Goals Performance for 2010

Dear Mr. Haldeman:

The Federal Housing Finance Agency (FHFA) has completed its review of Freddie Mac's performance under the housing goals for 2010. Based on the most recent information available, FHFA has made final determinations, pursuant to section 1336 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended (the Safety and Soundness Act) and 12 C.F.R. part 1282, that Freddie Mac achieved the low-income home purchase housing goal, the very low-income home purchase housing goal, the low-income refinance goal, the low-income multifamily housing goal, and the very low-income multifamily housing subgoal for 2010. FHFA has also made final determinations that Freddie Mac failed to meet the low-income areas home purchase housing goal and the low-income areas home purchase housing subgoal for 2010.

FHFA has further determined that achievement of the low-income areas home purchase housing goal and the low-income areas home purchase housing subgoal was feasible for 2010. In determining that these single-family housing goals were feasible, FHFA analyzed the size and composition of the conventional conforming primary mortgage market as measured using Home Mortgage Disclosure Act (HMDA) data. FHFA also considered the financial condition of the Enterprises in 2010.

Although FHFA has determined that the achievement of these single-family goals was feasible, Freddie Mac will not be required to submit a housing plan with respect to these goals under section 1336 of the Safety and Soundness Act. As stated in FHFA's October 25, 2011 preliminary determination letter to Freddie Mac, a housing plan will not be required because of the significant changes to the housing goals structure for 2010 and the Enterprises' continued operation under conservatorship. FHFA will undertake further analyses to better understand what factors are driving the deviation from market performance.

As specified in 12 C.F.R. § 1282.12, the single-family housing goals include both a benchmark level and a market level determined by FHFA based on its analysis of HMDA data for 2010. Freddie Mac meets a single-family housing goal if its official performance exceeds either the benchmark level or the market level as determined by FHFA. FHFA's final determinations for Freddie Mac's performance on the single-family housing goals for 2010 were based on the following numbers:

Single-Family Housing Goals	Benchmark level – 2010	Market level – 2010	Freddie Mac Official Performance Results – 2010
Low-Income Home Purchase Goal	27%	27.2%	27.84%
Very Low-Income Home Purchase Goal	8%	8.1%	8.42%
Low-Income Areas Home Purchase Goal	24%	24.0%	23.82%
Low-Income Areas Home Purchase Subgoal	13%	12.1%	10.81%
Low-Income Refinance Goal	21%	20.2%	22.03%

For each housing goal, the percentages shown above reflect the proportions of mortgages that met the criteria for that goal. A housing unit may count towards more than one goal or subgoal in the performance year. The home purchase goals are based on Freddie Mac's acquisitions of purchase money mortgages, while the refinance goal is based on Freddie Mac's acquisitions of refinance mortgages.

On October 25, 2011, FHFA notified Freddie Mac of its preliminary determinations that Freddie Mac failed to meet the low-income areas home purchase housing goal and the low-income areas home purchase housing subgoal for 2010. FHFA's preliminary determination on the low-income refinance goal was based on a market level of 21.5%. This included an upward adjustment of 117 basis points to account for the impact of loan modifications under the Home Affordable Modification Program that are treated as mortgage purchases for purposes of the housing goals but that do not appear in HMDA data. Freddie Mac did not submit a formal response to the preliminary determinations.

Upon further consideration, consistent with FHFA's policy to encourage the Enterprises to engage in loan modifications where appropriate, FHFA has adjusted the market level downward by 117 basis points, which reduced the market level for the low-income refinance goal to 20.2%. This adjustment to the market level did not have any effect on FHFA's final determination with respect to Freddie Mac's performance on the low-income refinance goal, since its performance exceeded both the benchmark level and the market level prior to this adjustment.

Unlike the single-family housing goals, the multifamily housing goals are based solely on benchmark levels established in advance by FHFA in 12 C.F.R. § 1282.13. FHFA's final determinations for Freddie Mac's performance on the multifamily housing goals for 2010 were based on the following numbers:

Multifamily Housing Goals	Goal target – 2010	Freddie Mac Official Performance Results – 2010
Low-Income Multifamily Goal	161,250	161,500
Very Low-Income Multifamily Subgoal	21,000	29,656

On December 8, 2010, FHFA notified Freddie Mac of its determination that there was a substantial probability that Freddie Mac would fail to meet its low-income multifamily goal for 2010. By letter dated January 14, 2011, Freddie Mac submitted its own analysis of the feasibility of this goal and requested that FHFA find this goal infeasible for 2010. Based on subsequent analysis of Freddie Mac's multifamily purchases, FHFA has made final determinations that Freddie Mac achieved both multifamily goals for 2010.

If you have any questions, please contact Paul Manchester, Principal Economist, Housing and Regulatory Policy, at 202-408-2946.

Sincerely,



Edward J. DeMarco
Acting Director