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Federal Housing Finance Agency
1700 G. Street, NW
Washington, DC 20552

Attention: Public Comments – 2010-N-06
(Monthly Interest Rate Survey)

The Federal Home Loan Mortgage Corporation (Freddie Mac) is pleased to submit these comments to the Federal Housing Finance Agency (FHFA) with regard to its proposed submission of the information collection “Monthly Survey of Rates and Terms on Conventional 1-Family Non-Farm Mortgage Loans,” known as the Monthly Interest Rate Survey (MIRS), to the Office of Management and Budget for review and approval of a three year extension.¹ Freddie Mac relies on the MIRS for business and regulatory purposes that currently cannot be fully met by other sources of information. We applaud FHFA for its effort to validate and improve the MIRS.

Freddie Mac is providing feedback on two of the areas where FHFA solicited comments²:

- Whether the collection of information is necessary for the proper performance of FHFA functions, including whether the information has practical utility; and
- Ways to enhance the quality, utility and clarity of the information collected.

NECESSITY AND PRACTICAL UTILITY OF THE INFORMATION

As pointed out in FHFA’s request for comments,³ FHFA considers the MIRS, among other indexes or measures, in its method for assessing the national average one-family house price, which is used to adjust the conforming loan limits for Freddie Mac and Fannie Mae. Also, economic policy makers and other federal banking agencies use the MIRS data to determine trends in the mortgage markets or for research purposes. At least one ARM index is derived from the MIRS data and FHFA must ensure that MIRS remains available for that purpose. FHFA may substitute a different index if the new index is based on substantially similar data and will result in a substantially similar interest rate. Finally, several federal and state statutes

¹ 75 Fed. Reg. 26756 (May 12, 2010).

² 75 Fed. Reg. at 26757.

³ 75 Fed. Reg. at 26756-7.

refer to or rely on the MIRS. These uses are noteworthy considerations supporting continued availability of the MIRS.

We believe the MIRS provides valuable mortgage market information in a manner not presently available elsewhere. The MIRS data are released monthly with only a two-month lag from origination date. This release schedule is important as it gives a more current picture of the mortgage market than other existing information sources. For example, even though the Home Mortgage Disclosure Act (HMDA) data are another significant source of mortgage market information, data are only released once per year and usually not until August or September for the preceding calendar year. Access to the MIRS data makes it possible to track the mortgage market on a more frequent and timely basis.

Freddie Mac is able to use the loan level nature of the MIRS data to monitor the origination market, particularly in the context of our efforts to meet regulatory affordable housing requirements. With FHFA's proposed approach to the new affordable housing goals more focused on the actual goals-qualifying shares of the primary origination market, any such data available in close to real time are highly useful. The ongoing uncertainty and volatility in the mortgage markets makes the availability of frequently-released and reliable data all the more important. These benefits, in turn, assist FHFA in fulfilling its regulatory and oversight responsibilities regarding Freddie Mac, Fannie Mae and the Federal Home Loan Banks.

WAYS TO ENHANCE THE INFORMATION

While the MIRS meets our needs as currently produced, we believe the MIRS sample could be improved. Consolidation in the primary mortgage market has accelerated since the onset of the financial crisis. Therefore, a new sampling frame would enhance the utility of the MIRS data. For example, the HMDA data could be used to build a new sampling frame for the MIRS. If such improvements are not realistic, however, continuing the MIRS in its present form would continue to be useful.

We recognize that the FHFA and others may be developing new sources for mortgage data⁴. These new sources of information could eventually prove to be more useful than the limited information now being provided by the MIRS. Continuing the MIRS, however, would enable its data to be used to validate the new sources under development. In addition, having an overlapping period of data from the MIRS and the new sources would provide a basis for longitudinal data comparisons using both the new sources on a prospective basis with the historical MIRS data. The ability to perform such comparisons would preserve the usefulness of the historical MIRS data and increase the usefulness of the data obtained from the new sources. Therefore, until those sources are fully developed and implemented, we support the

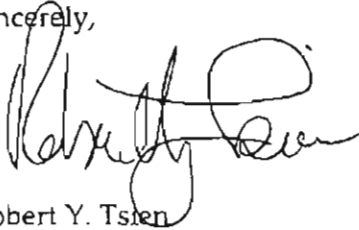
⁴ The Federal Housing Enterprise Financial Safety and Soundness Act of 1992 §1324(c), 12 U.S.C. §4544(c) as amended by HERA. *See also Proposed Rule on 2010-2011 Enterprise Affordable Housing Goals*, 75 Fed. Reg. 9033, 9036 (February 26, 2010).

continuation and availability of the MIRS as a contemporaneous source of mortgage market data.

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Freddie Mac appreciates the opportunity to comment on utility and potential for enhancing this valuable survey. We look forward to working with FHFA on maintaining and improving the MIRS until other sources of mortgage market information are available and validated.

Sincerely,



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