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News Release

FHFA Releases 2008 Performance and Accountability Report

FOR IMMEDIATE RELEASE

11/17/2008

Washington, D.C. – James B. Lockhart, Director of the Federal Housing Finance Agency (FHFA), regulator of Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks, today released the FHFA 2008 *Performance and Accountability Report* (PAR) detailing progress for FHFA, the Federal Housing Finance Board (FHFB) and the Office of Federal Housing Enterprise Oversight (OFHEO) as of September 30, 2008.

The FHFA was established in the Housing and Economic Recovery Act (HERA) signed in July 2008. The law merged OFHEO, the FHFB and the Department of Housing and Urban Development’s (HUD) GSE mission office.

"FHFA’s mission is to promote a stable and liquid mortgage market, affordable housing and community investment through safety and soundness oversight of Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks," said Lockhart. "This report comes at a time of great uncertainty in the U.S. housing markets, further underscoring the importance of the Agency’s mission."

The report states that as of September 2008, the combined debt and obligations of the 14 housing government-sponsored enterprises totaled \$6.8 trillion, exceeding the total publicly held debt of the United States by \$1.0 trillion. The GSEs also purchased or guaranteed nearly 87 percent of new mortgages for the quarter ending June 30, 2008.

For the eleventh consecutive year, OFHEO received a clean audit opinion from external auditors and the FHFB received a clean audit opinion for the nineteenth consecutive year.

Key Actions During the Year Included:

- FHFA was established with the passage of HERA.
- FHFA successfully integrated FHFB, OFHEO and HUD staff in less than 90 days, nine months earlier than required by HERA.
- FHFA placed Fannie Mae and Freddie Mac under conservatorship to ensure that they could continue to fulfill their missions.
- FHFA issued an interim final regulation on golden parachute payments to GSE executives, a final regulation on assessments and a final regulation on eligibility for directors of Federal Home Loan Banks (FHLBs).
- FHFA issued its first *Mortgage Metrics Report*, the beginning of a series of reports that provide comprehensive data on the Enterprises’ borrower assistance efforts including loan modifications.
- FHFA issued monthly and quarterly House Price Index reports, formerly called the OFHEO House Price Index.
- FHFA worked with the U.S. Department of the Treasury and the Federal Reserve to establish the GSE Credit Facility.
- FHFB conducted on-site safety and soundness examinations at all 12 FHLBanks. FHFB ensured that each FHLBank continuously met or exceeded its minimum capital requirements.
- FHFB conducted all planned affordable housing program (AHP) examinations, expanded and enhanced AHP data collection, and ensured that the FHLBanks awarded more than \$115 million in AHP subsidies.
- FHFB and OFHEO authorized increases in the GSEs’ portfolios to encourage purchases of Enterprises’ mortgage-backed securities (MBS) to improve liquidity available for housing finance.
- OFHEO established a new risk-rating structure, GSE Enterprise Risk (GSEER) and updated its Supervision Handbook, which outlines the Agency’s program to examine the Enterprises.
- OFHEO released its Annual Report to Congress in April, identifying Fannie Mae and Freddie Mac as significant supervisory concerns and citing deteriorating credit conditions in housing as a key concern.
- OFHEO made significant progress on the President’s Management Agenda (PMA) during FY 2008 and achieved top scores on four of five, government-wide PMA initiatives.

"The year 2008 was the most challenging in the history of OFHEO and the FHFB, as the decline in the housing markets not only threatened Fannie Mae and Freddie Mac, but also financial markets worldwide," Lockhart said. "Working together with Congress and the Administration, we can restore confidence in the Enterprises and build a stronger and safer future for the mortgage markets, homeowners and renters in America."

2008 Performance and Accountability Report

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$6.2 trillion in funding for the U.S. mortgage markets and financial institutions.

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