

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT****Office of the Secretary****24 CFR Part 81**

[Docket No. FR-3481-F-03]

RIN 2501-AB56

**The Secretary of HUD's Regulation of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac)**

AGENCY: Office of the Secretary, HUD.

ACTION: Final rule.

**SUMMARY:** This final rule implements the Secretary's regulatory authorities respecting the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") (collectively the "Government-Sponsored Enterprises" or "GSEs") under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 ("FHEFSSA"). FHEFSSA's purpose is to establish a new regulatory framework for the GSEs that reflects their unique status as shareholder-owned corporations that receive substantial public benefits. FHEFSSA substantially overhauled the regulatory authorities and structure for GSE regulation and required the issuance of this rule.

FHEFSSA directs the Secretary to establish three separate housing goals for the GSEs' mortgage purchases financing: housing for low- and moderate-income families; housing located in central cities, rural areas, and other underserved areas; and special affordable housing to meet the unaddressed needs of low-income families in low-income areas and very-low-income families. Under this rule, the Secretary sets the level of each goal and specifies the requirements for counting mortgage purchases toward meeting the goals. The rule also includes procedures for monitoring and enforcing performance under the goals.

In addition, FHEFSSA requires the Secretary to prohibit discrimination by the GSEs in their mortgage purchases and establishes new responsibilities for the Secretary and the GSEs with respect to the Fair Housing Act and the Equal Credit Opportunity Act. This rule implements these authorities. The rule also sets forth requirements for the Secretary's review and approval of new programs of the GSEs, GSE submission of mortgage purchase data and reports to the Secretary, the Secretary's

dissemination of data and protection of proprietary information, and enforcement and other proceedings under this rule.

**EFFECTIVE DATE:** January 2, 1996, except that § 81.62(c) shall not be effective until April 1, 1996, so that the first mortgage report required to be submitted by the GSEs under that section will cover mortgage purchases through the second quarter of 1996 and will not be due until September 1, 1996.

**FOR FURTHER INFORMATION CONTACT:** Janet Tasker, Director, Office of Government-Sponsored Enterprises, Room 6154, telephone (202) 708-2224; or, for questions on data or methodology, Harold Bunce, Director, Financial Institutions Regulation, Office of Policy Development and Research, Room 8204, telephone (202) 708-2770; or, for legal questions, Kenneth A. Markison, Assistant General Counsel for Government Sponsored Enterprises/RESPA, Office of the General Counsel, Room 9262, telephone (202) 708-3137. The address for all of these persons is: Department of Housing and Urban Development, 451 Seventh Street, S.W., Washington, D.C. 20410. A telecommunications device for deaf persons (TDD) is available at (202) 708-9300. (The telephone numbers are not toll-free.)

**SUPPLEMENTARY INFORMATION:****Paperwork Reduction Act Statement**

The information collection requirements contained in this rule have been submitted to the Office of Management and Budget (OMB) for review under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), as implemented by OMB in regulations at 5 CFR part 1320. No person may be required to respond to, or may be subjected to a penalty for failure to comply with, these information collection requirements until they have been approved and HUD has announced the assigned OMB control number. The OMB control number, when assigned, will be announced by separate notice in the Federal Register. In accordance with § 1320.11(h) of the implementing regulations, OMB has 60 days from today's publication date in which to approve, disapprove, or instruct HUD to make a change to the information collection requirements in this rule.

The final rule addresses comments submitted to OMB and HUD on the collection of information requirements in the proposed rule. In addition, HUD has consulted with members of the public and affected agencies regarding these collections of information. In revising the requirements from those

that appeared in the proposed rule, HUD has evaluated the necessity and usefulness of the collection of information; reevaluated HUD's estimate of the information collection burden, including the validity of the underlying methodology and assumptions; and minimized the burden on respondents for the information collection requirements, to the extent compatible with the Secretary's responsibilities under the authorizing statute. This final rule provides for the use of electronic collection techniques.

**General***Purpose*

This final rule establishes new regulations implementing the Secretary of Housing and Urban Development's ("the Secretary's") authority to regulate the GSEs. The authority exercised by the Secretary is established under:

- (1) The Federal National Mortgage Association Charter Act ("Fannie Mae Charter Act"), which is Title III of the National Housing Act, section 301 *et seq.* (12 U.S.C. 1716 *et seq.*);
- (2) The Federal Home Loan Mortgage Corporation Act ("Freddie Mac Act"), which is Title III of the Emergency Home Finance Act of 1970, section 301 *et seq.* (12 U.S.C. 1451 *et seq.*);<sup>1</sup> and
- (3) FHEFSSA, enacted as Title XIII of the Housing and Community Development Act of 1992 (Pub. L. 102-550, approved October 28, 1992, and codified, generally, at 12 U.S.C. 4501-4641). FHEFSSA substantially changed the Secretary's authorities respecting the GSEs, requiring the Secretary to promulgate new regulations.

This rule implements these authorities and authorities under the Charter Acts, replaces the Secretary's current regulations governing Fannie Mae and, for the first time, establishes regulations governing Freddie Mac.

*Background*

Fannie Mae and Freddie Mac are congressionally chartered, shareholder-owned corporations that have been regulated by HUD since 1968 and 1989, respectively. The GSEs were chartered by Congress to:

- (1) Provide stability in the secondary market for residential mortgages;
- (2) Respond appropriately to the private capital market;
- (3) Provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a

<sup>1</sup> This rule refers to the Fannie Mae Charter Act and the Freddie Mac Act collectively as the "Charter Acts."