''annual'' goals. Moreover, if the Secretary determines that there is a substantial probability that the GSE will fail to meet a goal ''*in the current year*'' and a housing plan is required, the housing plan is to describe the actions the GSE will take ''to make such improvements as are reasonable in the remainder of such year.'' [15] Similarly, if the Secretary determines that a GSE has failed to meet a housing goal, the requisite housing plan is to describe the actions the GSE will take ''to achieve the goal for the next calendar year.'' [16] The legislative history also refers to the goals as annual goals.[17]

Interpreting the statute to allow the use of a 3-year rolling average, instead of an annual goal with performance assessed by whether the GSE meets each year's individual goal, would render the statutory provisions insignificant or inoperative. Such a structure would ignore an ''elementary rule of [statutory] construction that effect must be given, if possible, to every word clause and sentence of a statute.'' [18] Accordingly, the Secretary has determined that using a 3-year rolling average was not intended by or permitted under FHEFSSA and, therefore, the final rule contains annual goals. Fannie Mae's root concern—that macroeconomic and other conditions outside its control may render a goal infeasible—is addressed in those provisions of the rule concerning evaluation of GSE performance; these conditions are considered in determining whether a goal was or is feasible. The Secretary can modify a goal, or determine that it was infeasible, if economic conditions change.

Low- and Moderate-Income Goal, Section 81.12

The proposed rule provided that 38 percent of the total number of dwelling units financed by each GSE's 1995 mortgage purchases and 40 percent of their 1996 purchases finance housing for low- and moderate-income families. In 1994, Fannie Mae reported that its performance was 45.83 percent under the Low- and Moderate-Income Goal in the Interim Notice of Housing Goals; Freddie Mac reported its performance as 37.46 percent. As detailed in the appendices, the Secretary determined that the conventional conforming market for this goal is 48–52 percent. This final rule requires that 40 percent of the total number of dwelling units financed by each GSE's mortgage purchases in 1996 and 42 percent in 1997–1999 be affordable to low- and moderate-income families.

Fannie Mae objected to the goal set forth in the proposed rule, recommending a permanent goal of 38 percent, unless and until the economic environment changes significantly. Other commenters stated that the goal was not high enough to challenge the GSEs to increase their mortgage purchases for low- and moderate-income housing. These commenters emphasized the leadership capacity of the GSEs and indicated that an increase in secondary market activity by Fannie Mae and Freddie Mac would help the industry as a whole, because the GSEs' business decisions influence the rest of the market.

The Low- and Moderate-Income Housing Goal established in the final rule is reasonable and appropriate considering the factors set forth in FHEFSSA. HUD addressed the comments on the potential for fluctuations in the market by setting the level of the goal conservatively, relative to market estimates, with the understanding that dramatic changes in the market may require reevaluation of the level of the goal. However, current examination of the size of the market available to the GSEs demonstrates that the number of mortgages secured by housing for low- and moderate-income families is more than sufficient for the GSEs to achieve the goal. Appendices A and D provide extensive detail on the statutory factors considered in establishing the level of the goal.

A number of commenters also requested that the goal include subgoals, targeting a portion of the GSEs' business to multifamily housing and a portion to single-family housing. One commenter also requested the establishment of subgoals to focus a percentage of the GSEs' business on low-income households and another percentage on moderate-income households. Such subgoals would ensure that the GSEs undertake more complex and more time-consuming, and less standard, business to achieve the goal. Subgoals are not established at this time because: (1) The statute provides that subgoals under the Low- and Moderate-Income Goal are unenforceable; (2) subgoals suggest micromanagement of the GSEs' business decisions and unnecessary regulatory interference by HUD; and (3) the Low- and Moderate-Income Goal was designed to focus a portion of the GSEs' business on housing for both low- and moderate-income families, whether that housing is single-family or multifamily, rental or owner-occupied: a unitary goal should achieve this purpose.

Central Cities, Rural Areas, and Other Underserved Areas Goal, Section 81.13

This section of the preamble discusses the public comments on the Central Cities, Rural Areas, and Other Underserved Areas Goal (''Geographically Targeted Goal''), first for urban and then for rural mortgage purchases financing housing in these areas. It also addresses a cross-cutting issue of the legal basis for defining the Geographically Targeted Goal in the manner implemented by this rule.

Level of Geographically Targeted Goal

The Central Cities, Rural Areas, and Other Underserved Areas Goal (''Geographically Targeted Goal'') is established in this rule at 21 percent of GSE business in 1996, and 24 percent in 1997–1999. Under the proposed rule, the Geographically Target Goal would have been established: for 1995, at 18 percent; for 1996, at 21 percent; for 1997 and 1998, a percentage ranging from 21 percent to the proportion or percentage or mortgages qualifying under the goal that are originated in that year's market (''the amount of the market'') or the amount of the market plus an additional percentage; and for each year after 1998, a percentage ranging from 21 percent to the amount of the market or the amount of the market plus an additional percentage or, if HUD does not set an annual goal for those years, the goal for such years shall be the same as the most recent goal established by HUD pending further adjustment by HUD through rulemaking. In Appendix D, HUD estimates that the mortgage market in the areas covered by this goal will account for 25–28 percent of the total number of newly mortgaged dwelling units. In 1994, 29 percent of Fannie Mae's purchases financed dwelling units located in all underserved areas, as defined in the final rule, compared with 24.2 percent of Freddie Mac's purchases.

Mortgage Purchases in Metropolitan Areas, Including Central Cities and Other Underserved Areas

The rule provides that for properties in metropolitan areas, mortgage purchases will count toward the goal when such purchases finance properties that are located in census tracts where either the median income of families in the tract does not exceed 90 percent of the area median income, *or* minorities comprise 30 percent or more of the

[15] Section 1336(c)(2)(B).

[16] Section 1336(c)(2)(A).

[17] *See, e.g.*, S. Rep. No. 282, 102d Cong., 2d Sess, at 5 (1992) (S. Rep.); H.R. Rep. No. 206, 102 Cong., 1st Sess., at 34 and 36 (1991) (H. Rep.); 138 Cong. Rec. S8607 (daily ed. June 23, 1992) (statement of Sen. Riegle); 138 Cong. Rec. S17908 (daily ed. Oct. 8, 1992) (statement of Sen. Cranston).

[18] 2A Norman J. Singer, *Sutherland on Statutory Construction* § 46.06 (5th ed. 1993).