

unaddressed needs of and affordable to very low-income families:

(i) The annual goal for 1995 shall be 5.5 percent of the total number of dwelling units financed by that GSE's mortgage purchases in 1995;

(ii) The annual goal for 1996 shall be 6 percent of the 1996 purchases;

(iii) The annual goal for 1997 shall be a number ranging from 6 percent of the 1997 purchases to the proportion or percentage of mortgages qualifying under the goal that are originated by that year's market ("the amount of the market") or the amount of the market plus an additional percentage;

(iv) The annual goal for 1998 shall be a number ranging from 6 percent of the 1998 purchases to the amount of the market or the amount of the market plus an additional percentage; and

(v) The annual goal for each succeeding year after 1998 shall be a number ranging from 6 percent of that year's purchases to the amount of the market or the amount of the market plus an additional percentage, or, if the Department does not set an annual goal for such succeeding years, the goal for such years shall be the same as the most recent goal established by the Secretary, pending further adjustment by the Secretary through rulemaking.

(2) *Owner-occupied housing.* For purchases of conventional mortgages financing owner-occupied dwelling units either located in low-income areas and meeting the then-existing, unaddressed needs of and owned by low-income families, or meeting the then-existing, unaddressed needs of and owned by very low-income families:

(i) The annual goal for 1995 shall be 5.5 percent of the total number of dwelling units financed by that GSE's mortgage purchases in 1995;

(ii) The annual goal for 1996 shall be 6 percent of the 1996 purchases;

(iii) The annual goal for 1997 shall be a number ranging from 6 percent of the 1997 purchases to the proportion or percentage of mortgages qualifying under the goal that are originated by that year's market ("the amount of the market") or the amount of the market plus an additional percentage;

(iv) The annual goal for 1998 shall be a number ranging from 6 percent of the 1998 purchases to the amount of the market or the amount of the market plus an additional percentage; and

(v) The annual goal for each succeeding year after 1998 shall be a number ranging from 6 percent of that year's purchases to the amount of the market or the amount of the market plus an additional percentage, or, if the Department does not set an annual goal for such succeeding years, the goal for

such years shall be the same as the most recent goal established by the Secretary, pending further adjustment by the Secretary through rulemaking.

(f) *Performance.* The Secretary shall monitor the GSEs' performance under this goal.

(g) *Double counting.* Each mortgage purchase, or portion of a mortgage where only a portion counts toward achievement of this goal, shall count only once toward achievement of the goal, *i.e.*, shall count under only one subsection of the goal.

(h) *Full credit activities.* (1) As required by FHEFSSA, the Secretary will give full credit toward achievement of the special affordable housing goals for the following mortgage purchases by the GSEs:

(i) (A) The purchase or securitization of federally insured or guaranteed mortgages where:

(1) Such mortgages cannot be readily securitized through the Government National Mortgage Association (GNMA) or any other Federal agency;

(2) Participation of the GSE substantially enhances the affordability of the housing subject to such mortgages; and

(3) The mortgages involved are on housing that otherwise qualifies under the special affordable housing goal to be considered for purposes of such goal.

(B) Mortgages under the Department's Home Equity Conversion Mortgage (HECM) Insurance Demonstration Program, section 255 of the National Housing Act, 12 U.S.C. 1715z-20, and the Farmers Home Administration's Guaranteed Rural Housing Loan Program, 7 U.S.C. 1933, meet the requirements of paragraphs (h)(1)(i)(A) (1) and (2) of this section.

(ii) The purchase or refinancing of existing, seasoned portfolios of loans where:

(A) The seller is engaged in a specific program to use the proceeds of such sales to originate additional loans that meet the special affordable housing goal; and

(B) Such purchases or refinancings support additional lending for housing that otherwise qualifies under the goal.

(iii) The purchase of direct loans made by the Resolution Trust Corporation (RTC) or the Federal Deposit Insurance Corporation (FDIC) where such loans are:

(A) Not guaranteed by the RTC, FDIC, or other Federal agencies;

(B) Made with recourse provisions similar to those offered through private mortgage insurance or other conventional sellers; and

(C) Made for the purchase of housing that otherwise qualifies under the

special affordable housing goal to be considered for purposes of such goal.

(2) For purposes of determining whether a seller is engaging in a specific program to use proceeds of sales to originate additional loans that meet the special affordable housing goal under paragraph (h)(1)(ii) of this section:

(i) A seller must currently operate on its own or actively participate in an ongoing program that will result in originating additional loans that meet the goal. Actively participating in such a program includes actively participating with a qualified housing group that operates a program resulting in the origination of loans that meet the requirements of the goal;

(ii) To determine whether a seller meets the requirement in paragraph (h)(2)(i) of this section, the GSE shall verify and monitor that the seller meets the requirement and develop any necessary mechanisms to ensure compliance with this requirement; and

(iii) Where a seller's primary business is originating mortgages on housing that qualifies under this special affordable housing goal, such seller is presumed to meet the requirements in paragraph (h)(2)(i) of this section.

(3) For purposes of this section, full credit means that each unit financed by a mortgage purchased by a GSE and meeting the requirements of this section shall count toward achievement of the special affordable housing goal for that GSE.

(i) *No credit activities.* As provided in FHEFSSA, neither the purchase nor the securitization of mortgages associated with the refinancing of a GSE's existing mortgage or mortgage-backed securities portfolios shall receive credit toward the achievement of the special affordable housing goal. In applying this restriction, refinancings that result from the wholesale exchange of mortgages between the two GSEs shall not count toward the achievement of this goal; refinancings of individual mortgages shall count toward achievement of this goal where the refinancing is an arms-length transaction that is borrower-driven and the mortgage otherwise counts toward achievement of this goal. For purposes of this paragraph, "portfolios of mortgages" includes mortgages retained by Fannie Mae or Freddie Mac and mortgages utilized to back mortgage-backed securities.

§ 81.15 General requirements.

(a) *General.* The Secretary shall monitor and count the performance of each GSE under each of the housing goals. In determining each GSE's performance, the general requirements in this section shall apply.