

The Secretary is particularly concerned about the level of Freddie Mac's activity in the multifamily area. In 1993, Freddie Mac purchased \$191 million in multifamily mortgages, compared with almost \$5 billion in purchases by Fannie Mae. Given the affordability problems faced by renters and the need for a well-functioning secondary market for multifamily loans, it is imperative that Freddie Mac's multifamily business be

increased. The 1995 and 1996 low-mod goals are intended to encourage Freddie Mac's expansion of its multifamily activities.

3. Market Feasibility and Changing Market Conditions

The potential size of the market for low- and moderate-income mortgages is a major determinant of the GSEs' agencies' ability to reach a specific low-mod goal. As detailed in

Section C.4, the low-mod mortgage market is quite large, accounting for at least 50 percent of dwelling units financed by conventional conforming mortgages. Figure A.3 compares recent GSE performance, the 1995 and 1996 goals, and the size of the low-mod market. Given the size of the market, the 1995 and 1996 goals are feasible.

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